



30,000+

30,000+

27,000



SUPALAI

ANNUAL REPORT 2017

รายงานประจำปี 2560 บริษัท สุภาลัย จำกัด (มหาชน)

Content

Vision, Mission, Organization's Values, Management Philosophy, Organizational Culture and Good Corporate Governance Motto	04
General Information and Announcement	06
Chairman of the Board's Statement	07
Report of the Audit Committee	09
Report of the Corporate Governance Committee	13
Report of the Nomination and Compensation Committee	17
Report of the Risk Management Committee	20
Economic Condition 2017 - 2018	23
Housing Business Condition of 2017 Forecast for 2018	25
Corporate Profile	27
Supalai's Awards & Accolades	101
Performance Review	115
Corporate Social Responsibility	121
Human Resources Development	135
Community	139
Anti-Corruption	141
Corporate Governance	157
Investor Relations	261
Quality System	262
Connected Transactions	268
Report on the Board of Director's Responsibility for Financial Report	271
Independent Auditor's Report	272
Statement of Financial Position	276





Vision

Leader in Real Estate Development Innovations and Value-added Creation

Mission

Create & Develop Innovations for Outstanding Performance and Sustainable Growth

Organization's values

- Innovations
- Win-Win
- Factual Key Performance Index
- Legal and Corporate Governance
- Sufficiency Economy
- Responsibilities to Stakeholders, Society and Environment

Management Philosophy

For quality society of “Supalai Residents”, the Company has been committed to create good quality residences and develop its products continually, while developing the society to be safe and comfortable as well as developing good services as a professional in order to create maximum satisfaction to the customers by adhering to the principles of management philosophy as follows :

S (Superiority) : Excellence in terms of products, service and good management

P (Profitability) : Emphasis on profits/benefits for all concerned parties, there are customers, shareholders, employees, contractor for trading partners and society

L (Longevity) : Operation of business continually based on secure foundation

Organizational Culture

- S (Seniority)** : Cooperate and assist one another in a way that the senior employees teach younger ones
- P (Plan)** : Establish a plan and a clear target
- A (Attitude)** : Have a positive attitude and sacrifice personal interests for the common good or benefit of others, and not being selfish
- L (Legal and Regulation)** : Comply with applicable laws, rules and regulations as well as requirements for each operational stage of the Company's ISO systems
- I (Integrity)** : Be honest and adhere to moral standards. Never take advantage of customers and colleagues

Good Corporate Governance Motto

- G (Good)** : To think good, speak good and do good is the foundation of positive thinking, which can be applied to work and to solve problems. This also helps reduce conflicts while enhancing smooth and successful interpersonal communication
- R (Responsibility)** : Act consciously
: Operate business with determination and dedication with all our ability
: Always learn to enhance capabilities
- E (Equitable Treatment & Ethics)** : Treat all relevant parties equally
: Adhere to moral standards and conduct business with fairness
: Give priority to all stakeholders
: Treat stakeholders equally regardless of gender, age, race, nationality, religion, belief, and political opinion
- A (Accountability)** : Fulfill duties with utmost attention
: Be consciously aware of and carry out our tasks cautiously
: Bravely accept the consequences of our actions
: Adhere to and abide by applicable laws, rules and regulations
- T (Transparency)** : Operate business with transparency, disclosure of information and accountability
: Be determined to conduct business with honest intention
: All pieces of evidence and references can be traceable and accountable



General Information and Announcement



Supalai Public Company Limited

1011 Supalai Grand Tower Building, Rama III Road,
Chong Nonsi, Yannawa, Bangkok 10120

Registration Number 0107535000303

Telephone 0-2725-8888

Fax 0-2683-2177

Homepage Website : www.supalai.com
E-mail : ir_spali@supalai.com

Registered Capital 2,145,691,561 Baht

Paid-up Capital 1,716,553,249 Baht

Company Secretary Mrs.Varunee Lapitananuvat

Telephone 0-2683-2228

Fax 0-2683-2177

E-mail varunee.lap@supalai.com

The Annual General Shareholders' Meeting of year 2018

April 24, 2018 at 2.00 p.m.

at Supalai Grand Tower Building at Meeting Room,
33rd Floor, 1011 Rama III Road, Chong Nonsi Subdistrict District,
Yannawa District, Bangkok 10120.

Dividend Payment of Operating : Suspension of dividend payment
results for the year 2017



Chairman of the Board's Statement



(Dr. Prateep Tangmatitham)
Chairman of the Board of Directors
Supalai Public Company Limited

Dear Shareholders

In 2017, the Thai economic condition, especially real estate market, remained relatively the same due to unclear domestic political situation, whereby the main obstacle is the rate of household debt, which is increasing continuously coupled with the strict credit granting of financial institutions. This resulted in a high credit rejection.

Nevertheless, there are some positive factors as can be seen in the progress of investment in transport infrastructure projects launched by the government, such as the metropolitan electric train projects, the Eastern Economic Corridor (EEC) project which promotes investment in the three provinces, namely, Chonburi, Rayong and Chachoengsao and the Intercity Highway Projects, while both the inflation and interest rates remain low. Based on such positive factors, the investment in the private sector including some industries has increased to expand their capacity. As a result, economic recovery began to be clearer, which is good for the real estate sector, especially for large-scale companies as they have gained increasing market share.

In the past year, the Company and its subsidiaries had high record of sales of Baht 30,777 million, an increase by 14% from the previous year's target of Baht 27,000 million with a proportion of 50% condominiums and 50% housing projects. All in all, the Company and its subsidiaries launched 20 new projects, comprising of 15 housing projects and 5 condominium projects. The total revenue growth has been in the same direction with the sales. In 2017, the total revenue of Baht 25,789 million, the net profit of Baht 5,812 million with interest bearing debt to equity ratio of approximately 69%, financial cost average rate of 2.84% per year, assets growth increased by 8% and shareholders' equity growth of 20%. At present, the Company still has a high credit rating from TRIS at A / Stable.

As of 2017, the Group has approximately 120 projects under development covering the Bangkok metropolitan area and its vicinities as well as other provinces, such as Chiang Mai, Chonburi, Phuket, Rayong, Khon Kaen, Ubon Ratchathani, Udon Thani, Nakhon Si Thammarat, Surat Thani, Nakhon Ratchasima, Songkhla etc. worth more than Baht 272,771 million, with the sales (Backlog) expected to be recognized at approximately Baht 39,187 million. In addition, the Company has a policy to maintain a strong capital base for its business to grow steadily and sustainably. In September, the Company had issued warrants to purchase ordinary shares of the Company in order to expand the projects both domestically and internationally and repay the loan to reduce the interest burden, which would result in the Company's increasing profit. In 2018, the Company plans to launch 35 new projects covering all locations across the country to penetrate the market to cover every segment including the investment to develop a large project in the business district on Sathorn Road, which is the first project designed as a mixed use with the emphasis on a variety of product designs. This will be done by taking into account the energy saving and environmentally friendly with the application of Innovative technologies and new creative ideas in designing the projects. This is the "Sustainable Growth 2018" strategy which focuses on residential development in accordance with the lifestyle of residents in the digital age, that is, there will be Home Automation, Home Security and facilitates for the comfort and convenience of the elderly, etc., which is consistent with the mission of the Company, that is, "creation and innovation development for good operational results and sustainable growth."

The Company adheres to the management philosophy by being committed to creating quality housing, developing products all the time, develop society to be safe with hospitality, developing good services with professionalism so as to maximize customer satisfaction and drive continuous growth.

The Company has maintained and developed standards, and created new innovation as well as developing the organization to be ready to grow sustainably. It still places emphasis on developing real estate business by adhering to governance principles. Accordingly, the Company has received many prestigious awards from leading organizations throughout 2017, such as Thailand Sustainability Investment (THSI) and Outstanding Investor Relations Awards for Listed Companies from the Stock Exchange of Thailand, "Certificate of ESG100 Company Award" of 2017 from Thaipat Institute, Top 10 Most Excellent Companies of 2017 Award from the financial and banking magazine and the Thailand Top Company Awards 2017 in the group of real estate business from the University of the Thai Chamber of Commerce jointly with the Business+ Magazine and "Thailand's Top Brand Trust Index in the Real Estate Industry 2017" from Chulalongkorn University, and many more.

Report of the Audit Committee

To Shareholders

The Audit Committee of the Company comprises 3 independent directors who are experts with experiences in finance, immovable property and organizational management. Mr. Prakit Pradipasen is the Chairman, while Mr. Anant Gatepithaya and Assistant Professor Aswin Bijayayodhin are members. All the Committee members in a strict manner the rules prescribed by the Securities and Exchange Commission Thailand.

The Audit Committee performs the duties as assigned by the Board of Directors of the Company, that is, to assist the Board of Directors in supervising the business operations. In 2017, the Audit Committee has carried out its responsibilities in accordance with good corporate governance and the Audit Committee Charter approved by the Board of Directors. The Committee has performed such responsibilities by exercising its knowledge, ability and carefulness with sufficient independence to ensure that maximum benefits were delivered to stakeholders in an equal manner and reported on its performance to the Board of Directors. It has also informed the Audit Committee of the minutes of each meeting with a total of 12 meetings held in 2017. All the Committee members attended these meetings. The Committee has consulted with the executives, the Internal Audit Unit and the external auditor on concerned matters. Its duties can be summarized as follows:

1. Review of Financial Report System and Non-Financial Performance

The Audit Committee has jointly with the executives, the Internal Audit Unit and the auditor, reviewed Supalai Public Company Limited's quarterly financial statements as well as its consolidated financial statements of 2017 on a quarterly basis to the independence in performing the duties and the expression of opinion of the auditor. The auditor has also been asked about the correctness and completeness of the financial statements and adjustment of significant accounting items which would have impact on the financial statements, the sufficiency and the appropriateness of the account recording methods and the scope of the audit. Accordingly, the disclosure of information in a correct, complete and sufficient manner with the independence of the auditor ensured that the preparation of financial statements has been made according to the provisions of the laws and accounting standards in line with generally accepted accounting principles. The accounting system and the financial statements are, therefore, correct and reliable. In addition, the information has been disclosed in the financial statements sufficiently and in a timely manner for the benefit of investors or users of the financial statements.

The Audit Committee has reviewed reports on the operational results of various departments by comparing their plans and their operational results twice a year. It has made inquiries on problems, while providing opinions and considerations regarding management guidelines to ensure that the implementation of such guidelines has been made in an appropriate and transparent manner.

2. Risk Management Review

The Audit Committee has reviewed the risk management including risk management plans and guidelines according to the principles prescribed in the policy on risk management in order to minimize possible impact to an acceptable level. The effectiveness and suitability of the process, which has been employed for handling risks arising from the Company's both internal and external factors, have been considered and reviewed. Furthermore, the Committee followed up the progress on significant risk management by taking into consideration and identifying risk factors existing in operations as well as chances to generate impact by such risk management. Accordingly, such management ensures that the Company has systematically assessed significant risks while providing knowledge and understanding for the employees across the organization in order to be an important mechanism in creating additional value to its business. In addition, the Audit Committee has provided opinions regarding real estate business development for various locations of land as well as the analysis of risks regarding legal provisions, area of land expropriation and potential of relevant plots of land. The Company has disclosed these risks in the Annual Report for 2017.

3. Review of Internal Control System

The Audit Committee has jointly reviewed the internal control system with the auditor and Audit Committee secretary. Such a review has been conducted to assess the sufficiency and suitability of the internal control system in accordance with the internal audit standards and the guidelines prescribed by the Securities and Exchange Commission, Thailand and the Stock Exchange of Thailand in order to cover the security of the information systems. It also considered the audit results according to the approved audit plan and reported the audit results, whereby the management of the Company has monitored and ensured that there were correction and improvement in accordance with the recommendations of the Audit Committee on a continual basis. It shall adjust and improve the internal control system to be in line with changing circumstances. From the internal audit results, there has no weakness or defect in the internal control system which may materially impact business operations of the Company. The Audit Committee is of the opinion that the Company has sufficient internal control system and risk oversight for business efficiency. In addition, the auditor has assessed the internal control system and found no significant weakness which may have impact on the Company's financial statements.

4. Review of Compliance with Business Related Laws

The Audit Committee has reviewed the compliance with the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission's Rule of Practice and other laws related to the business of the Company and found that compliance has been made correctly with related laws. The Audit Committee did not receive any reports from the auditor, allegation from outside, management's information disclosure and internal audit on non-compliance that would significantly affect the Company. It could be concluded that the Company has effective control of legal compliance and there is no non-compliance that would significantly affect it.

5. Review of Connected Transactions or Transaction which might Contain Conflicts of Interest

The Audit Committee has reviewed connected transactions or those which might contain conflicts of interest. The Committee found that information in these transactions has been thoroughly and sufficiently disclosed. Such information comprises of actual trading transactions which are general and reasonable businesses with no conflict of interest and in compliance with the requirements of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET). In 2017, there has no transaction qualified as connected transaction or any possible transaction with conflict of interest that needs approval from the meeting of shareholders.

6. Review of Implementation of Anti-Corruption Criteria

The Audit Committee has reviewed the internal control measures including the oversight on compliance with the principle of anti-corruption measures, and established preventive guidelines against possible dishonest act by providing channels for complaints and clues through the Company's website and email. The Company implements many activities to promote and communicate an informative (anti-corruption) exhibitions. The results of the internal audit carried out in accordance with the principle of anti-corruption measures revealed no weakness or defect in the internal control system in material matters, and the Audit Committee is of the opinion that the Company has appropriate internal control system, sufficient oversight of risk and principle of anti-corruption measures in line with the Nation Associate Anti-Corruption Network.

7. Review of Requirements of the Audit Committee and Charters of the Internal Audit Unit

The Audit Committee has reviewed its requirements to be suitable and in accordance with its newly established duties and responsibilities as well as relevant legal provisions by performing its duties with due care, independence and transparency for maximum benefits of the Company. Accordingly, the Audit Committee is confident that the financial statements of Supalai Public Company Limited and its subsidiaries are correct, reliable and in accordance with generally accepted accounting principles. Also, its financial reporting standards have been adopted according to the risk management as well as effective and sufficient internal control system, while being consistent with relevant laws and official requirements in all respects.

In addition, the Audit Committee has reviewed the Charter of the Internal Audit Unit to ensure its suitability and consistency with the responsibilities of the Internal Audit Unit as the Charter would be used as operational guidelines. This will also raise awareness of the importance of corporate governance. The Internal Audit Unit can perform its duties independently, while the Audit Committee can provide recommendations, consultation and information useful for decision in improvement of the Company's operations.

8. Oversight of Internal Audit

The Audit Committee is tasked with the oversight of the internal audit unit, which covers the unit's key operations, scope of duties and responsibilities as well as its independence in performing audit, and, the organizational and workforce management. The Committee reviews and approves an annual audit plan established in accordance with risk assessment results from various departments while providing operational advice to the Internal Audit Unit on an ongoing basis. This is to ensure that internal auditing has been conducted in compliance with international standards and the professional practice framework for enhanced efficiency. In addition, the Committee keeps track of corrective actions with a focus on significant issues in audit reports. In summary, the Committee found that the Company has implemented the internal audit system and information management in a sufficient, suitable and effective manner. The Internal Audit Unit has been able to perform its duties independently while offering consultation and information which have contributed to the Company's effective decision making to improve business efficiency.

9. Consideration to Appoint the Auditor and Auditing fee for the Year 2017

The Audit Committee has considered selecting and proposing to appoint the auditor and determine the auditing fee for the year 2017 by taking into consideration the performance of the previous year of the auditor in compliance with the assessment criteria of the Company in terms of the auditor's qualifications, independence in performing duties, quality and standards of work, which are satisfactory and the auditor has possessed the qualifications in line with the Notification of the Securities and Exchange Commission, Thailand and the Stock Exchange of Thailand (SET). The Audit Committee, therefore, had proposed to the Board of Directors to nominate to the Annual General Meeting of Shareholders to further appoint EY Office Limited as auditor of the Company of 2017 and approved the appointment of Miss Krongkaew Limkittikul a Certified Public Accountant (Thailand) No. 5874 or Mrs. Chonlaros Santiasvaraporn a Certified Public Accountant (Thailand) No.4523 or Miss Waraporn Punnaopakul a Certified Public Accountant (Thailand) No.4579 to be auditor of the Company and its subsidiaries as well as the annual and quarterly auditing fee and the consolidated financial statements of 2017 in the amount of Baht 3.68 million.



Mr. Prakit Pradipasen

Chairman of the Audit Committee

Report of Corporate Governance Committee

To Shareholders

The Corporate Governance Committee consists of four members and which Chairman of the Committee is an independent director. In 2017, the Corporate Governance Committee held 1 meeting, and its duties comprise of the supervision of Company's business to be in line with the principles of good corporate governance and in accordance with the principles of good corporate governance of the Stock Exchange of Thailand and the principles of the Organization for Economic Cooperation and Development.

The Corporate Governance Committee has attached importance and been committed to improve corporate governance efficiency with transparent management and accountability. Its duties also include the monitoring of the implementation of corporate governance plan by adhering to the business code of conduct for sustainable growth. Its duties also cover counter corruption operations, creation of fairness and responsibilities for stakeholders, such as employees, customers, suppliers, communities, contractors, shareholders, society, environment and government agencies as can be summarized as follows:

1. Shareholders' Right

- Organize the annual shareholders' meeting of 2017 by providing in advance sufficient and timely information, date, time and place as well as the meeting agenda and all information relating to relevant matters to be decided by the shareholders' meeting; provide convenience and encourage all shareholders which are institutional investors to attend the shareholders' meeting of the Company and cast their votes in a complete manner. As a result, the Company has received the Investors' Choice Award with the full assessment score of 100 for the quality assessment for the arrangement of the Shareholders for five consecutive years.
- Notify shareholders on regulations to be applied in the meeting in both Thai and English on the Company's website and deliver the invitation to attend the meeting in advance in order for shareholders and institutional investors to have time for preparation not less than 30 days and to study the details of each agenda, and prepare document for assigning proxy; such meeting invitation has been publicized in the newspapers for 3 consecutive days at least 3 days before the date of the meeting.
- Prepare the meeting agenda to include the objectives and rationale for each agenda and opinions of the Board of Directors for each agenda.

- Request for independent voluntary inspector of vote counting to jointly participate in the inspection of vote counting at the vote counting point of each agenda; disclose the resolutions of the ordinary shareholders' meeting as well as the results of the voting after the meeting, then notify the Stock Exchange of Thailand and disclose such results on the Company's website within the day after the completion of the shareholders' meeting.

2. Equal Treatment of Shareholders

- Provide an opportunity for shareholders to add items on the meeting agenda, advance questions and nomination of names of candidates to be elected as directors during 12 October 2017 – 5 January 2018.
- Provide convenience to foreign shareholders by preparing documents in 2 languages, namely, Thai and English, and the Company's website has been prepared in 2 languages as well; this is to provide service to interest shareholders.
- Ensure that all directors, executives and employees prepare conflicts of interest annually report, whereby there has been no conflict of interest in material matters in 2017.
- Ensure that all directors and executives have the duty to report on their holding and changing of their securities according to the law, whereby the Company Secretary has compiled and reported on such matters to the Board of the Directors of the Company for acknowledgement on a quarterly basis.
- Ensure that disclosure of information has been made on connected transactions in the annual report (Form 56-2) and annual registration statement (Form 56-1) in a complete manner, however, in case there are connected transactions, they must be approved in advance by the Board of Directors of the Company and there must be disclosures in details of the transactions, values, reasons and needs in the annual registration statement and the annual report according to the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand while the Audit Committee must attend the meeting to consider and ensure that connected transactions are made in a reasonable and fair manner.

3. Importance of Interest Parties

Provide channels for reporting on whistle blowing or complaints on violation of laws or offences regarding dishonest acts or violation of code of conduct, by sending emails to Internal Audit Section (anti-corruption@supalai.com) which shall further report directly to the independent directors.

4. Disclosure of Information and Transparency

- Prepare annual registration statement (Form 56-1) and annual report as well as quarterly report on operational results, financial statements and important information for shareholders, investors and the general public with complete, sufficient, reliable material matters in a timely manner through various channels, such as the Stock Exchange of Thailand system and the Company's web site (www.supalai.com) in both Thai and English.
- Prepare the Sustainability Report for the year 2017, that is, the Company observes the Global Reporting Initiative Version 4.0 (GRI G4) in order to reflect the factors having impact on sustainable business operation of the Company in terms of economic, social and environmental aspects.
- Establish investment relations unit for use by shareholders, investors and the general public as channels for contact and information relating to the Company; such channels have been publicized in the annual report and the website of the Company.

5. Responsibilities of the Committee

- Review and approve the annual vision and mission of the Company.
- Review Charter of the Board of Directors of the Company and sub-committees.
- Review Good Corporate Governance Manual and the Manual on Business Code of Conduct (Synopsis Edition) for employees that provide samples of proper and improper practices. This is to be in line with the good corporate governance of the Stock Exchange of Thailand and the best practices outlined in the corporate governance development project for listed companies.
- Review the Board's manual to ensure its consistency with the Code of Best Practice for Boards of Directors of Listed Companies and the principles stipulated by the Securities and Exchange Commission, Thailand.
- Ensure that there is an annual evaluation of operational results of the company's Board of Director and sub-committees as well as conducting self assessment of the Board of Directors, the Audit Committee; and evaluation of work of highest executives of the Company annually.
- Support directors of the Company have been training in the courses organized by the Thai Institute of Directors Association (IOD).
- Organize meeting of non-executive directors, without any executive directors for independent directors to have opportunity to share opinion.

6. Social Responsibility and Sustainable Development


The Company is committed to the development of the Company and stakeholders in all aspects for simultaneous sustainable growth by attaching importance to economic, social and governance aspects.

Supalai Public Company Limited received “Thailand Sustainability Investment award 2017” from The Stock Exchange of Thailand (SET). These awards are presented to listed companies with outstanding performance in terms of sustainability development and enhancing the development of social enterprise for 3 consecutive years.

7. Corporate Governance Award

In 2017, the Company has been awarded “Excellence” level of recognition for the corporate governance practices by Corporate Governance Report of the Thai Listed Companies (CGR), organized by the Thai Institute of Directors Association (IOD), in collaboration with the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission, Thailand for 5 consecutive years.

The Corporate Governance Committee continues to strive to improve the corporate governance to be transparent and be a good role model because the Committee strongly believes that the management that adheres to the rule of law with transparency, honesty, accountability while developing good corporate governance continuously and focusing on the responsibility toward stakeholders with its utmost effort would enable the organization to achieve sustainable growth and create confidence among shareholders and all stakeholders.



(Assoc.Prof.Dr.Somjai Phagaphasvivat)

Chairman of the Corporate Governance Committee

Report of the Nomination and Compensation Committee

To Shareholders

The Nomination and Compensation Committee consists of 3 independent directors, which is more than one half of the total number as follows:

1. Mr.Prakit	Pradipasen	Chairman
2. Assoc.Prof.Dr.Virach	Aphimeteetamrong	Director
3. Mrs.Ajchara	Tangmatitham	Director

The Nomination and Compensation Committee has performed its assigned duties carefully, transparently, honestly and reasonably by taking into account maximum benefits of the shareholders and stakeholders. There have been studies of more information regarding concerned matters in a complete manner. It has also encouraged members to express their opinions freely and creatively in accordance with the duties and responsibilities specified in the Charter of the Nomination and Compensation Committee. In 2017, the Nomination and Compensation Committee held 2 meetings. The results from the meeting including comments and recommendations have been reported to the Board which must be done on a continual basis. Important tasks of this Committee in 2017 are as follows:

Nomination and Proposed Personnel to Assume the Board

The Committee had reviewed nomination procedures which had been adopted to select the directors according to transparent criteria, by adhering to the good practices in line with good governance principles, and to ensure confidence among the shareholders and stakeholders. The procedures are disclosed in the Company's annual report and website. The Nomination and Compensation Committee had screened and selected directors to propose to the Board of Directors to further propose to the Annual General Meeting of the shareholders of 2017, for election on an individual basis.

The Nomination and Compensation Committee had also invited shareholders to nominate suitable persons to be selected as candidates for election but there was no nominee from shareholders. The Nomination and Compensation Committee had, therefore, considered re-appointing the retired directors in 2017 for another term of office, and the shareholders' meeting had approved the new directors as proposed. The new director being appointed possesses complete qualifications pursuant to the Public Companies Act with no prohibited characteristics as prescribed in other laws enforced upon the Company. The new director also possesses expertise with no vested interest or conflict of interest with the Company. Besides, such director possesses qualifications, knowledge and ability in accordance with the business operation strategy of the Company. Moreover, set up succession plan of qualified executive management. Details were published in this Annual Report for transparency and audit purposes.

Determine Compensation for Board and Supcommittees

To determine and set up fair criteria for an appropriate compensation payment for the Board of Directors, sub-committee, President, and executive management. Comparison between actual performance outcomes and key performance indicators (KPIs) is required. The consideration was made by taking into account the directors' responsibilities, business size and environment as well as the general economic condition, results of operations that reflect and link with the operational results when compared with the compensation rate of companies in the same industry. Such compensation must be competitive and reasonable. This had been proposed to be approved by the annual meeting of shareholders of 2017. The compensation for directors, subcommittee members and executives has been disclosed in this Annual Report for transparency inspection.

Evaluation of Board and Subcommittee Performance

There has been self-evaluation of the Board of Directors and subcommittees on a group and individual basis annually. The results have been reported to the Board of Directors so as to be used for efficiency improvement and company's goals achievement.

Directors Development Plan

To encourage all directors to attend training sessions or participate in activities to provide continual development by utilizing the Company's resources, together with self-evaluation of necessary skill (Board skill matrix), which is beneficial in defining strategy, policy and direction of the Company's business operations. However, there has been no new member of the Committee in 2017. Should there be any new member, there would be an orientation with a director's manual provided. Also, useful information to the performance of duties of the Committee member would be communicated before attending the Board of Directors' meeting for the first time.

Improvement and Development of Roles and Duties of the Nomination and Compensation Committee

The Nomination and Compensation Committee has reviewed the Charter of the Nomination and Compensation Committee (NCC) annually. It has screened all matters relating to its roles and duties in order to improve its performance for maximum benefits of the shareholders. Such matters shall then be further considered and approved by the Board of Directors. Nevertheless, there has been no new member of the Committee in 2017. Should there be any new member, there would be an orientation with a director's manual provided. Also, useful information to the performance of duties of the Committee member would be communicated before attending the Board of Directors' meeting for the first time.

Composition and Board Diversity

To consider and review policy on the diversity of the Board of Directors' structure and necessary skills for selection of directors (Board Diversity) so as to verify structure, composition, and expertise of both the Board of Directors and sub-committee. During the year 2017, the Committee held a total of 2 meetings, in order to be used as information in support of the selection of directors to replace directors who are completing their term of office, which must be done according to the Company's business operation strategy. The committee agreed that the Board of Directors and sub-committees were all suitable for the Company.

All members of the Nomination and Compensation Committee have upheld the importance of attending the meetings, expressing opinion as well as searching for information that would be useful for the development of the nomination and compensation for all concerned on a fair and appropriate basis by adhering to the principle of good corporate governance of the Stock Exchange of Thailand, which is in line with the Corporate Governance Code. All the comments and recommendations can then be used with confidence and trustworthiness as tools for the Board of Directors in performing duties.



(Mr. Prakit Pradipasen)

Chairman of the Nomination and Compensation Committee

Report of Risk Management Committee

To Shareholders

The Risk Management Committee consists of executive directors, independent director and management who have experiences, knowledge and understanding of business operations and risk management. There are altogether 12 members as follows :

1.	Mr.Anant	Gatepithaya	Chairman
2.	Mr.Atip	Bijanonda	Director
3.	Mr.Tritecha	Tangmatitham	Director
4.	Mr.Punnapan	Nengpetch	Director
5.	Mrs.Varunee	Lapitananuvat	Director
6.	Mr.Kittipong	Sirilugtrakun	Director
7.	Mr.Boonchai	Chaiananbovorn	Director
8.	Mr.Adisak	Warinsirikul	Director
9.	Mr.Worakit	Trirapatanapong	Director
10.	Ms.Tanwarat	Punyaratana	Director
11.	Mrs.Suchawadee	Suppha-asa	Director
12.	Mr.Krid	Chancharoensuk	Director

Performance of Risk Management Committee in 2017

The Board of Directors has assigned the Risk Management Committee to perform its duties and responsibilities as specified in the Risk Management Committee Charter.

In 2017, The Risk Management Committee has appointed Sub-Risk Management Committee. Its main function is to establish guidelines to manage risk in a tangible manner, whereby there are 4 meetings of this Sub-Risk Management Committee, while there is 1 meeting of the Risk Management Committee. Its duties consist of the prescription and review of the organization's risk management framework, policy, organization's risk management process and the charter of the Risk Management Committee in order to be suitable for efficient business operations and in accordance with international standards. It also provides recommendations and guidelines for risk management in accordance with the strategic direction and business plan. It also support the continual development of risk management at all levels across the organization in order to create corporate culture and to ensure effective risk management and the management of important risks to be at an acceptable level.

In addition, monitoring, evaluation, review and approval of the risk management plan which covers various risks, particularly strategic risk, operational risk, financial risk, liquidity risk, compliance risk, fraud risk, market risk, information technology risk, social network risk, customer protection risk, social and environmental risk and emerging risk. The result of risk management would be proposed to the board of directors through the Audit committee.

The Risk Management Committee has performed the duties in the past year to ensure that the risk management has been sufficient and appropriate, and it has been conducted continuously until the risks are acceptable to the Company as follows :

- 1) Holding 4 meetings of the Sub-Risk Management Committee and 1 meeting of the Risk Management Committee.
- 2) Reviewing the policy on risk management and the requirements of the Risk Management Committee.
- 3) Establishing Risk Map of the organization.
- 4) Establishing criteria of likelihood and impact to assess the organization's risk to be at an acceptable level.
- 5) Reviewing the risk management manual to be guidelines for employees regarding risk management in the organization.
- 6) Providing "Ya tuen" communication to create knowledge and understanding about risk management.
- 7) Providing training courses on Risk Management Guidelines for new employees, and the Enterprise Risk Management course for supervisors.
- 8) Providing online test on risk management knowledge for employees in the Company and its subsidiaries to create knowledge and understanding on risk management.
- 9) Providing a communication channel on extensive risk management to be accessible for everyone in the Company by using Google Site System (Intranet) and arranging for Line Group of risk management team.

The Risk Management Committee has a key operational plan in 2018 as follows:

- 1) There shall be 6 meetings of the Sub-Risk Management Committee and 2 meetings of the Risk Management Committee.
- 2) The policies and risk management requirements shall be reviewed and updated to be in line with business strategy and vision.
- 3) The corporate risk shall be identified, analyzed and assessed to cover all major risks and the risk management plan shall be adopted in order to manage risk to be at an acceptable level.

- 4) The risk management communication shall be provided for employees at all levels via cartoon version manual on risk, while Google Site shall be updated on Frequently Asked Questions regarding risk management.
- 5) The roles and responsibilities of the Risk Champion shall be reviewed to bring about concrete results.
- 6) A Business Continuity Plan (BCP) shall be adopted and rehearsed in order for the Company to continue its business operations and strengthen its corporate image in terms of good management.

From such operational plan, the Company is confident that the business goals will be achieved for the maximum benefit of shareholders as well as other groups of stakeholders.



Mr. Anant Gaepithaya

Chairman of the Risk Management Committee

Economic Condition of 2017-2018

Dr. Prasas Tangmatitam

According to the economic figures for the year 2017 announced so far as shown in Table 1, it should not be difficult to estimate that the economic growth of the year 2017 would not be more than 4% and would be swinging in the range of 3.7-3.9%

The macroeconomic factors have enhanced the economy grow slightly more than last year. The private sector consumption remained the major factor to boost economic growth at a rate close to that of last year, at over 3%, while government consumption slightly increased over the previous year. It was not a very high rate of over 2%, as can be seen from Table 1.

The government has always said that there were projects here and there but they could not appear in a concrete manner as main factor to boost economic growth. On the contrary, the growth rate of investment in the year 2017 was only higher than 1%, which was still much lower than the previous two years. More importantly, the government's investment was shrinking or there has been negative growth rate for the previous 3 years since the first full year of management of the current government, which is considered a major defect. Private investment increases at a rate of approximately 3%, which modestly helped sustain the economy.

As regards the international trade sector, the export growth rate is clearly higher, but the imports also grow at a high growth rate. Accordingly, the net result could not be a contributing factor to economic growth. This is the nature of the Thai economy during the period when exports are likely to be good and the investment is expanded to support it, while the government announced that it has tried to attract foreign investment extensive by, which might be successful. The same nature of international trade would continue into next year, therefore, similar to this year, it could be expected that this sector would still not be able to support the economic growth in 2018.

The investment next year is likely to come out in a concrete manner due to the government's efforts this year, while the private investment is expected to continue into next year as the economic condition improves.

As for the consumption in both the government and the private sector, it tends to grow continuously from 2017, and the continuous declining household debt to GDP for more than two years would likely be a supportive factor to the private consumption growth in line with the existing trend.

When considering the trend of the consumption and investment sectors mentioned above, the economy in 2018 would grow by more than 4% but not more than 4.5%.

The figures investment in the economy have shown that there is insufficient concrete investment to drive growth. The reason behind is that, although the government shows much efforts to attract investment and the target has been reached, the actual investment cannot take place quickly as it takes time.

Another area of investment that could be said that the target has not been reached is agricultural research.

It is noteworthy that in the past 10 years, the Thai economy has grown in non-agricultural sector at 3.4% per annum and the agricultural sector has grown at only 0.7%. It can be assumed that the offspring of the farmers have left the agricultural sector in a large number, however, that is not the excuse. The same trend has been happening in other countries. The decline in the agricultural population is a good indicator that the agricultural sector is not interesting.

Research to enhance agricultural productivity should not be done in general, but a specific area or even individual farmers in order to be actually successful as in China at present. More importantly, such support is not subject to international trade prohibition, and if Thailand can do this, agriculture could be another economic driver. However, it also takes time.

Table 1 : Ratio and Growth Rate of GDP Components

Approx.% of GDP		10%	50%	25%	5%	20%	15%		100%
		G.Con	P.Con	Cap.	G.Cap	P.Cap	X	M	GDP
2012	Q1	(0.2)	2.9	5.2	(9.6)	9.2	(3.2)	4.3	0.4
	Q2	7.4	5.3	10.0	4.0	11.8	1.1	8.6	4.4
	Q3	10.0	6.0	15.4	13.3	16.2	(2.8)	(1.8)	3.1
	Q4	12.5	12.4	22.9	30.9	20.9	10.6	15.0	19.1
2012	Total	7.5	6.6	13.2	8.9	14.4	3.1	6.2	6.5
2013	Q1	2.9	4.4	5.8	18.8	2.9	8.3	8.1	5.4
	Q2	7.6	2.4	4.6	15.4	2.0	2.9	4.5	2.9
	Q3	7.3	(1.2)	(6.3)	(16.2)	(3.3)	3.8	6.6	2.7
	Q4	0.8	(4.1)	(11.4)	(4.7)	(13.2)	2.0	(3.4)	0.6
2013	Total	4.9	0.3	(2.0)	1.3	(2.8)	4.2	2.3	2.9
2014	Q1	3.1	(2.9)	(10.8)	(12.5)	(10.2)	0.1	(10.4)	(0.4)
	Q2	1.9	0.8	(5.1)	(7.7)	(4.3)	(0.8)	(9.3)	0.8
	Q3	(1.3)	2.5	2.6	0.9	3.2	(3.7)	(0.4)	1.0
	Q4	3.6	2.1	3.2	(0.5)	4.2	4.6	(0.7)	2.1
2014	Total	1.6	0.6	(2.6)	(4.8)	(2.0)	-	(5.4)	0.9
2015	Q1	0.7	2.5	10.3	36.6	3.7	1.2	2.3	2.9
	Q2	1.0	1.7	2.6	23.2	(3.1)	1.5	0.2	2.7
	Q3	2.3	1.8	(2.6)	21.8	(10.1)	1.6	(2.6)	2.9
	Q4	4.8	2.6	9.4	41.1	1.9	(3.3)	(1.2)	2.8
2015	Total	2.2	2.1	4.7	29.8	(2.0)	0.2	(0.4)	2.8
2016	Q1	9.1	2.8	5.0	12.9	2.4	4.8	(5.2)	3.1
	Q2	2.4	4.0	3.5	12.8	0.3	1.0	(2.4)	3.6
	Q3	(5.2)	3.0	1.0	5.8	(0.8)	1.4	(1.1)	3.2
	Q4	1.8	2.5	1.8	8.8	(0.4)	2.2	3.4	3.0
2016	Total	1.7	3.1	2.8	9.9	0.4	2.1	(1.4)	3.2
2017	Q1	0.3	3.2	1.7	9.7	(1.1)	2.7	6.1	3.3
	Q2	2.7	3.0	0.4	(7.0)	3.2	6.0	8.2	3.7
	Q3	2.8	3.1	1.2	(2.6)	2.9	7.4	6.7	4.3

note : G.Con. = Government Consumption P.Con. = Private Consumption Cap. = Capital Formation
G.Cap. = Government Capital Formation P.Cap. = Private Capital Formation X = Exports
M = Imports Capital Formation = Investment

Housing Business Condition of 2017 and Forecast for 2018

Dr. Prasas Tangmatitam
Supalai Research Center

Considering the supply of 2017, it can be said that the new housing units offered for sale on the market has been stable and has not changed significantly, whether by each type, the overall picture of all types of housing, or the total number of housing (Number of newly offered plus the backlog from last year), after a continuous increase for not less than 5 years.

Presumably the reason could be that the lands to be used for developing housing projects saleable at the current market prices are very rare. Top executives of Supalai believed so from what had been experienced during the past year, and it is also believed that top executives of major companies felt no different.

Looking at the number of new houses sold in 2017, it has decreased from 90,000 - 100,000 units in the past five years to approximately only 80,000 units. This is equal to the number of units sold in 2011 when there were serious floods which should be considered a negative factor in a special case.

The two main presumed reasons are; the housing price has risen faster than consumer purchasing power, and the fact that consumers have reached the limit to buy a home to fulfill their needs.

Looking at the overall housing price trend, it is found that during the past period of 10 years, housing price had been rising at an average annual rate of 5%, while GDP had experienced a lower growth rate. For the income of middle income people, although there is no supporting figure, it is believed to be certainly lower. The statistics of the increase of 1,100,000 households, or at an average of 100,000 households per year, indicate the demand for housing during 2000-2010. However, when compared to the new housing which was purchased in the same period, there were only about 60,000 units. When looking back on the number of new housing sold in the five-year period of 2012-2016, the average was 105,000 units per year. With this figure, it can be said that the purchase of new house by consumers over the past five years was too high beyond the underlying fundamentals. Therefore, the number of new housing sold at a level lower than the standard in the previous five years is likely to be an adjustment back to the fundamentals.

Nevertheless, the overall economy has a tendency to continue to grow at a rate of 3-4% per year. This is a factor which reassures that the purchasing power of consumers is unlikely to drastically decrease to the point impacting the supply of and demand for housing at the rate of approximately 80,000 units per year. As for the supply of lands in the past year which is the input for new housing project next year, there should not be available more than that of 2017, however, there is a possibility of creasing.

When looking into the details of each type of housing, it is found that single house is a residence type which has no future at all because the total number of housing which are available for sale on the market and the number of new housing sold have been decreasing gradually for almost 10 years, while the trend in the number of housing sold have decreased more rapidly than the total number of housing offered for sale. The fact that the government has no construction projects of large-scale and long expressway in the past 10 years is regarded as a very negative factor for the supply of lands to be used for the single housing project. The current source or the area available in large-scale for detached- houses projects is the inner side of the eastern and southern outer ring roads. The open of the supply source of lands must come from the extension of the expressway, such as the extension of Saraburi line, Udorn Rattaya line and Thon Buri-Pak Thor line. This is a significant intellectual defect of all past governments.

The supply of townhouses is not likely to be worrisome as in the case of single detached houses. Townhouse is the product that began to replace the single houses the prices of which have risen continuously for nearly 10 years. However, in the future, townhouses too cannot be dependable since prices have also risen sharply in the last five years. Condominium residence became the most important residential type, despite the fact that the number of single houses, townhouses and condominiums had the same proportion in 2010. Therefore, the opening of new frontier to be the land for housing development projects at a lower price is considered to be extremely important as part of the government's policy to help people to have their own homes, instead of the government selling cheap housing to the people at a loss because the government has limited capacity to do so.

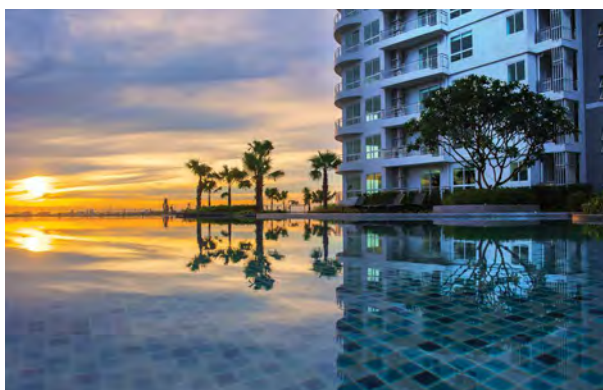
The key issue to be considered in housing market is the sale rate of housing which is the number of sold units divided by the total number of units offering for sale in the market of each particular year. In 2017, demand for housing declined due to demand saturation while the supply has not decreased. This condition will lead to a decrease in the sale rate from approximately 36% in 2016 to about 26% in 2017. Although this sales rate may vary according to the market demand, in some years when the supply is very high, the sale rate, could be higher as well. This is because it is also necessary for entrepreneurs to put effort on offering products to the consumers as much as possible in term of packaging of product features and sales promotion which referred to as “supply creates its own demand” in economic terms. Some people may argue that consumers' needs have to exist first to effect the buy and sale. That is undeniable. However, the key point is that although consumers already have demand, the entrepreneur shall also have to find out what the demand is and make the product to mostly meet the demand. Eventually, it is the price and volume in the market that result in the simultaneous interaction of demand and supply which are occurring.

Therefore, it may be concluded that the demand for housing in 2018 should be at 80,000 units, due to the market condition where the consumers returning to fundamental factors and the support of economic growth, which is unlikely to cause a clash of demand in the market. In addition, the sale rate of not less than 25% per year is not considered to cause damage to the developers, or cause oversupply condition. However, since the supply is unlikely to decrease that much, the housing market in 2018 should be the buyer's market.

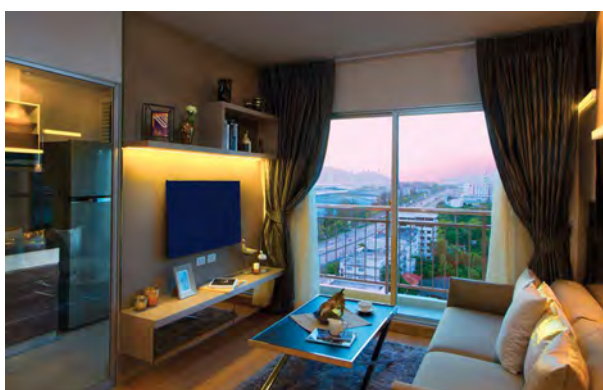
Corporate Profile

Business Operations

Supalai Public Company Limited (Company) was established on 26 June 1989. Its operations began with real estate development in the category of housing projects and commercial buildings with the initial registered capital of 100 million baht. At the beginning stage, its business dealt with constructing single detached houses and townhomes in the form of gated communities. Subsequently, its business has expanded to cover condominium projects, office buildings, hotels and resorts. In 1992, the Company has transformed into a public company with the registered capital increased to 1,000 million baht and its shares had been listed on the Stock Exchange of Thailand on 17 November 1993. The Company's goal is to focus on building both low-rise and high-rise housing projects. However, in 1997, the Company had suffered from



Thailand's economic crisis and had entered into the debt restructuring process of the Office of the Debt Restructuring Committee of the Bank of Thailand in 1999 with its total debt value of 8,113 million baht. The debt restructuring was completed in 2002 and the Company has continued its real estate development by building single detached houses, townhome, duplex houses, condominiums, office buildings, resorts and hotels. Up to the present, the Company's paid-up issued capital increased to 1,716.55 million baht. During 2004 – 2017, the Company has undergone significant changes and developments as follows:



Summary of Significant Changes and Developments

2004

- 2 projects of single detached houses and townhomes were launched, they are (1) Supalai Ville Srinakarin (2) Supalai Ville Ekamai-Ramindra. At the same time, 3 big high-rise building projects were also opened, they are (1) Supalai Casa Riva on the Chao Phraya River (2) Supalai Premier Place Asoke (3) Supalai Oriental Place Sathorn – Suanplu.
- TRIS RATING had rated the credit of Supalai Plc. at the level of “BBB”. Such credit level reflected the Company’s long standing experiences in real estate development with an experienced management team. It is a symbol accepted in the medium-price housing market.

2005

- 1 single detached house project, Supalai Park Ville, was opened together with 2 condominium projects in the heart of the city, namely, (1) City Home Ratchadaphisek (2) City Home Sukhumvit of which the sales had been closed during the Grand Opening.
- The Company issued and offered for sale 3rd series of ordinary share warrants in the amount of not more than 433,087,447 units to existing shareholders at the par value of 0 baht per unit with the exercising right of 3 years, whereby 1 unit of the warrant can be exercised to purchase 1 ordinary share at the par value of 1.50 baht. At present, the exercising rights of such warrants had expired.
- The Company issued and offered for sale ordinary share warrants in the amount not more than 10,000,000 units to the employees, executives, directors and advisors to the Board of Directors at the par value of 0 baht with the exercising right of 3 years. One unit of such warrants could be exercised to purchase 1 share at the par value of 2.28 baht. At present, the exercising right of such warrants had expired.
- The Company issued and allocated shares for the capital increase in the amount of not more than 443,087,447 shares at the par value of 1 baht per share to support the exercise of right under the 3rd series of ordinary share warrants and the warrants offered for sale to the employees, executives, directors and advisors of the Board of Directors.

2006

- 4 Projects of single detached houses and townhomes were launched, namely, (1) Supalai Suvarnabhumi (2) Supalai Ville Outer Ring Road – Rattanatibeth (3) Supalai Ville Sukhumvit – Srinakarin (4) Supalai Ville Kingkaew – Srinakarin and 2 condominium projects, namely, (1) Supalai Park Srinakarin (2) Supalai River Place. Also, Supalai Grand Tower Building, an office building for rent on Rama 3 Road, was opened this year, and Supalai Head Office was relocated into this building.
- TRIS RATING upgraded credit rating of Supalai Plc. to the level of “BBB+”, which reflected a better financial position and ability to control the operational cost.
- The Company received ISO 9001:2000 certificate from the Engineering Institute of Thailand under H.M. The King’s Patronage (EIT-CBO) and from AFAQ-EAQA for low-rise projects.

2007

- 4 projects of single detached houses and townhomes were launched, namely, (1) Supalai Ville Wongsawang (2) Supalai Park Ville 2 (3) Supalai Garden Ville Outer Ring Road Pinklao – Rama V (4) Supalai Ville Outer Ring Road Pinklao - Rama V together with 4 condominium projects, namely, (1) City Home Ratchada – Pinklao (2) Supalai Premier Ratchada–Narathivas-Sathorn (3) City Home Tha Phra Intersection (4) Supalai Park @ Kaset.
- TRIS RATING maintained the credit rating of the Company at the level of “BBB+”.
- The Company received the ISO9001:2000 certificate from the Engineering Institute of Thailand under H.M. the King’s Patronage (EIT-CBO) on 15 August 2007 for high-rise projects.

2008

- 8 projects were launched comprising 5 projects of single detached houses and townhomes and 3 condominium projects, they are (1) Supalai City Home Rattathibeth condominium project (2) Supalai City Resort Ramkhumhaeng condominium project (3) Supalai Ville Rattathibeth-Khae Rai townhome project (4) Supalai Ville Sukhumvit–Phraeksa single detached house project (5) Supalai Ville Tiwanon-Pathumthani townhomes project (6) Supalai Garden Ville Tiwanon-Pathumthani single detached house project in (7) Supalai City Resort condominium project in Phuket and (8) Supalai City Resort single detached house and townhome project in Phuket.

2009

- The Board of Directors of the Company approved of the re-purchase of ordinary shares of the Company from the stock market according to the Treasury Stock Project for financial management in the amount of 120 million shares or 6.99% of all issued and paid-up shares, whereby the Company could purchase the total amount of 120 million shares.
- 11 projects were launched comprising 6 projects of single detached houses and townhomes and 5 condominium projects, they are (1) the single detached house, townhomes and duplex house project of Supalai City Hill Phuket (2) the single detached house project of Supalai Hills Phuket (3) the single detached house and townhomes project of Supalai Ville Ratchapruek – Petchakasem 48 (4) the single detached house and townhomes project of Supalai Park Ville Ramindra 23 (5) the single detached house project of Supalai Park Ville Pracha Unit 86 (6) the single detached house, townhomes and duplex house project of Supalai Ville LakSi - DonMuang (7) the condominium project of Supalai Park @ Tiwanon (8) the condominium project of Supalai Casa Riva Vista 2 (9) the condominium project of Supalai Park Asoke – Ratchada (10) the condominium project of Supalai Park @ Ratchayothin and (11) the condominium project of Supalai Park @ Downtown Phuket.
- The Company's Board of Directors resolved to offer for sale existing 120,000,000 ordinary shares at a par value of 1 baht per share, they were the ordinary shares repurchased by the Company from the Stock Exchange of Thailand according to the Treasury Stock for Financial Management Project, which comprised 6.99% of all the shares sold of 1,716,553,249 shares. They were offered for sale to the general public through the underwriters at the value of 5.55 baht per share, whereby the Company had an objective to use such mobilized sum of money as working capital in the current projects and for purchasing new land.
- The Company received ISO 9001:2000 Certified for "Housing Projects" and "Condominium Projects" from Bureau Veritas Certification Thailand Company Limited which covers everything from the plan layout stage, design, construction, sales and property management.

2010

- 14 projects were launched comprising 10 projects of single detached houses and townhomes and 4 condominium projects, they are (1) the single detached house and duplex house project of Supalai Ville Phaholyothin-Chantharubeksa (2) the single detached house and duplex house project of Supalai Ville Saimai-Wacharapol (3) the single detached house project of Supalai Park Ville-Ramindra 5 (4) the single detached house project of Supalai Garden Ville Phuket (5) the single detached house and duplex house project of Supalai Garden Ville Changwattana-Laksi (6) the single detached house project of Supalai Garden Ville Chiangmai (7) the single detached house project of Supalai Park Ville Outer Ring-Ratchaphruek (8) the townhome project of Novo Ville Tiwanon-Pathumthani (9) the townhome project of Supalai Ville Srinakarin-Kingkeaw (10) the single detached house project of Supalai Garden ville Outer Ring-Lumlukka Klong 3 (11) the condominium project of Supalai River Resort (12) the condominium project of City Home Srinakarin (13) the condominium project of Supalai Park Rachapreuk-Petchkasem (14) the condominium project of Supalai Premier @ Ratchathewi.
- TRIS RATING upgraded credit rating of Supalai Plc. to the level of “A-”, which reflected a better financial position and ability to control the operational cost.
- The Company received ISO 9001:2008 Certified for “Housing Projects” and “Condominium Projects” from Bureau Veritas Certification Thailand Company Limited which covers everything from the plan layout stage, design, construction, sales and property management.

2011

- 9 projects were launched comprising 5 projects of single detached houses and 4 condominium projects, they are (1) the single detached house project of Supalai Montara Pinklao-Bhuddhamondhol Sai 1 (2) the single detached house and duplex house project of Supalai Ville Ringroad-Lamlukka Klong 3 (3) the townhome project of Novo Ville Ringroad-Lamlukka Klong 3 (4) the single detached house project of Supalai Park Ville Romklao-Suvarnabhumi (5) the single detached house project of Supalai Suanluang (6) the condominium project of Supalai Prima Riva (7) the condominium project of Supalai Premier Asoke (8) the condominium project of Supalai Park Kaerai-Ngamwongwan (9) the condominium project of Supalai Park Ekkamai-Thonglor.

2012

- TRIS RATING maintained credit rating of Supalai Plc. at the level of “A-”, which reflected a better financial position and ability to control the operational cost.
- 17 projects were launched comprising 10 projects of single detached houses and 7 condominium projects, they are (1) the single detached house project of Supalai Park Ville Sriracha (2) the single detached house project of Supalai Garden Ville Suvarnabhumi (3) the townhome project of Novo Ville Ringroad-Lamlukka Klong 5 (4) the single detached house and duplex house project of Supalai Ville Sri Samarn-Pathumthani (5) the single detached house and duplex house project of Supalai Ville Ratchapruk – Bangbuatong (6) the townhome project of Novo Ville Phahonyothin 52 (7) the single detached house project of Garden Ville Ringroad-Lamlukka Klong 5 (8) the single detached house project of Garden Ville Airport (9) the single detached house project of Park Ville Changpuak (10) the single detached house project of Garden Ville Suratthani (11) the condominium project of Supalai City Resort Ratchada - Huaykwang (12) the condominium project of Supalai Wellington (13) the condominium project of Supalai Vista@Tiwanon Intersection (14) the condominium project of Supalai Park @ Phuket City (15) the condominium project of Supalai Monte @ Viang Chiangmai (16) the condominium project of Supalai Lite @ Sathorn – Charoenrat (17) the condominium project of Supalai Elite Sathorn – Suan Plu.

2013

- TRIS Rating has affirmed the company rating of Supalai Public Company Limited (SPALI) at “A-”. At the same time, TRIS Rating has revised the rating outlook of SPALI to “positive” from “stable”. The “positive” outlook reflects an expected improvement in the company’s operating performance over the next few years upon the delivery of condominium units, which have been secured by its huge backlog.
- 15 projects were launched comprising 8 projects of single detached houses and townhomes and 7 condominium projects, they are (1) the single detached house project of Supalai Ville Onnut - Suanluang (2) the single detached house project of Supalai Ville Ringroad – Rama 2 (3) the townhome project of Supalai Ville Theprasit 8 (4) the single detached house project of Supalai Moda (5) the single detached house project of Supalai Garden Ville Bangsaen (6) the single detached house project of Supalai Essence (7) the single detached house project of Supalai Park Ville Nittayo (8) the townhome project of Novo Ville Krungthep - Phatumthani

2014

(9) the condominium project of Supalai Mare (10) the condominium project of Supalai Vista Phuket (11) the condominium project of Supalai City Resort Phranungklaio - Chaophraya (12) the condominium project of Supalai City Resort Ratchayothin - Phaholyothin 32 (13) the condominium project of Supalai Vista Sriracha Tharua - Laemchabang (14) the condominium project of Supalai City Resort @ Rayong (15) the condominium project of Supalai Veranda Ratchavibha - Prachachuen.

- TRIS Rating has upgraded the ranking of the organization and unsubordinated-unsecured debentures of Supalai Public Company Limited to “A” from “A-”. The upgrading of the rank reflects the better results of operations of the Company as expected with growing revenue base. The rating has also been done by taking into consideration the performance of the Company which has been recognized in the real estate development market in Thailand with the product brand recognized in the moderate-priced housing market, while the Company has strong financial position.
- 28 projects were launched comprising 19 projects of single detached houses and townhomes and 9 condominium projects, they are (1) the single detached house, duplex house and townhomes project of Supalai Bella Outer Ring Road - Rama II (2) the single detached house, duplex house and townhomes project of Supalai Bella Outer Ring Road Pinklao - Rama V (3) duplex house project of Supalai Ville Outer Ring Road Pinklao - Nakhonin (4) the single detached house project of Supalai Garden Ville Srinakarin - Bangna (5) the single detached house project of Supalai Garden Ville Krungthepkritha - Motorway (6) the townhome project of Supalai Novo Ville Lamlukka Klong 2 (7) the single detached house and duplex house project of Supalai Ville Outer Ring - Lumlukka Klong 5 (8) the townhome project of Supalai Novo Ville Outer Ring - Bangyai (9) the single detached house and duplex house project of Supalai Ville Outer Ring - Bangyai (10) the single detached house and duplex house project of Supalai Ville Bangkok - Pathumthani (11) duplex house and townhomes project of Supalai Ville Rangsit Klong 2 (12) the single detached house duplex house and townhomes project of Supalai Bella Rangsit Klong 2 (13) the single detached house project of Supalai Garden Ville Outer Ring Road - San Kam Phaeng Chiangmai (14) the single house project of Supalai Moda Ubonratchathani

(15) the single detached house, duplex house Ville project of Supalai Ubonratchathani (16) the single detached house project of Supalai Park Ville Rayong (17) the single detached house project of Supalai Garden Ville Udornthani (18) the single detached house, duplex house and townhomes project of Supalai Ville Mitrapharp – Bannchan (19) the single detached house and townhomes project of Supalai Ville Phuket (20) the single detached house, duplex house and townhomes project of Supalai Lagoon Phuket (21) the condominium project of Supalai City Resort Bearing Station (Sukhumvit 105) (22) the condominium project of Supalai Vista @ Pak – Kred Intersection (23) the condominium project of Supalai Elite @ Phaya Thai (24) the condominium project of Supalai Wellington II (25) the condominium project of Supalai Veranda Rattanathibeth (26) the condominium project of Supalai Cute Ratchayothin – Phaholyothin 34 (27) the condominium project of Supalai Loft Chaeng Watthana (28) the condominium project of Supalai Monte II Chiangmai.

2015

- TRIS Rating affirms the company rating and the current senior unsecured debenture ratings of Supalai Public Company Limited (SPALI) at “A”. The ratings reflect SPALI’s proven track record in the residential property development industry in Thailand, well-known brand name in the middle-income segment, and strong financial position.
- 18 projects were launched comprising 11 projects of single detached houses, duplex house and townhome and 7 condominium projects, they are (1) the single detached house and duplex house project of Supalai Ville Chonburi (2) the single detached house, duplex house and townhome project of Supalai Pride Bangna - Ring Road (3) the townhome project of Supalai Bella Kingkaeo – Srinakarin (4) the single detached house project of Supalai Prima Villa Phutthamonthon Sai 3 (5) the single detached house project of Supalai Prima Villa Phaholyothin 50 (6) the townhome project of Supalai Primo Nakorn In – Rama 5 (7) the single detached house, duplex house and townhome project of Supalai Bella Outer Ring - Lamlukka Klong 4 (8) the single detached and duplex house project of Supalai Garden Ville Prachauthit – Suksawat (9) the townhome project of Supalai Novo Ville Suranaree (10) the single detached house, duplex house and townhome project of Supalai Ville Chotana – Ruamchoke (11) the single detached house, duplex house and townhome project of Supalai Ville Suratthani

2016

(12) the condominium project of Supalai City Resort Chaeng Watthana (13) the condominium project of Supalai Elite @ Surawong (14) the condominium project of Supalai Loft @ Talat Phlu Station (15) the condominium project of Supalai Lite @ Ratchada – Narathivas – Sathorn (16) the condominium project of Supalai Loft @ Khaerai Station (17) the condominium project of Supalai Riva Grande (18) the condominium project of Supalai Lagoon Condo.

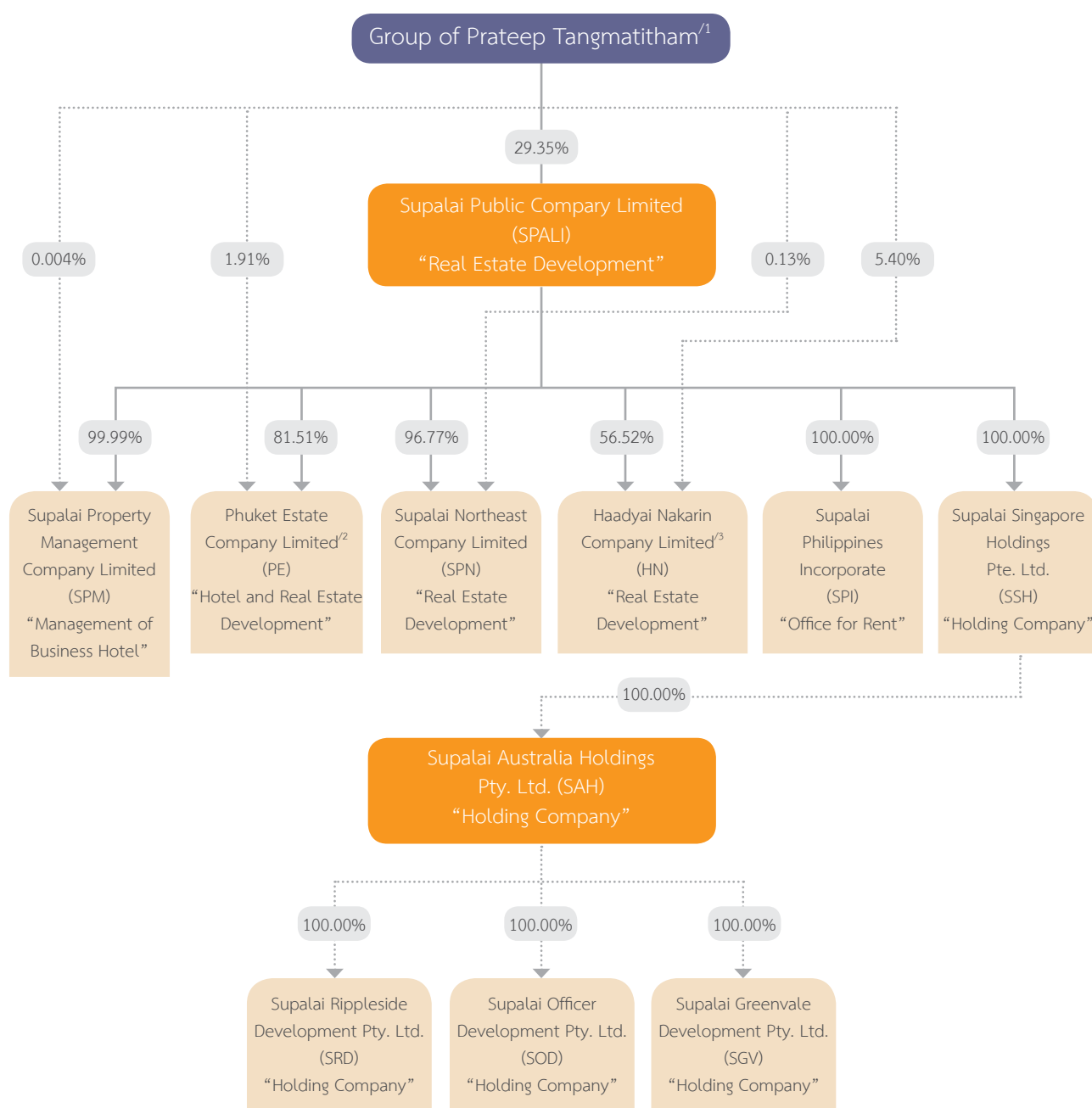
- TRIS Rating affirms the company rating and the senior unsecured debenture ratings of Supalai PLC (SPALI) at “A” and outlook “Stable”. The ratings reflect SPALI’s proven track record in the residential property development industry in Thailand, well-known brand name in the middle-income segment, and strong financial position.
- 21 projects were launched comprising of 16 projects of single detached houses, duplex houses, townhome, commercial buildings and 5 condominium projects, they are (1) the townhome project of Supalai Primo Outer Ring Road Pinklao – Rama 5 (2) the townhome project of Supalai Primo Rama 2 (3) the single detached and duplex house project of Supalai Ville Outer Ring – Bangyai (4) the single detached house of Supalai Garden Ville Bangkok – Pathumthani (5) the single detached house, duplex house and townhome project of Supalai Ville Phetkasem 69 (6) the single detached house, duplex house and townhome project of Supalai Ville Teparak (7) the townhome project of Supalai Bella Pattaya (8) the single detached house and duplex house project of Supalai Bella Suratthani (9) the single detached house, duplex house and townhome project of Supalai Bella Nakhon Si Thammarat (10) the single detached house and duplex house project of Supalai Bella Chiang Mai (11) the single detached house, duplex house and townhome project of Supalai Bella Udonrthani (12) the single detached house and duplex house project of Supalai Ville Nakhonratchasima (13) the single detached house and duplex house project of Supalai Bella Ubonratchathani (14) the single detached house and duplex house project of Supalai Garden Ville Rayong (15) the single detached house and duplex house project of Supalai Palm Springs 11 (16) the commercial building project of Supalai Monte Biz Chiang Mai. (17) the condominium project of Supalai City Resort Chonburi (18) the condominium project of Supalai Elite Si Phraya (19) the condominium project of Supalai Park Ratchavipha (20) the condominium project of Supalai City Resort Rama 8 (21) the condominium project of Supalai Veranda Rama 9

- TRIS Rating affirmed the company rating credit and unsubordinated debentures of Supalai Public Company Limited at “A” level and outlook at “Stable”. The credit rating reflects the Company’s proven track record in the residential property market in Thailand as well as being the brand that is well known in the mid-priced housing market, and the strong financial position of the Company.
- 20 project were launched comprising of 15 project of detached houses, duplex houses, townhomes, and 5 Projects of condominiums. They are (1) Supalai Prime Bangna-Lardkrabang Project of single detached houses, duplex houses and townhomes (2) Supalai Park Ville Pinklao-Kanchanapisek Project of single detached houses (3) Supalai Bella Ring Road- Lumlukka Klong 6 Project of single detached houses, duplex houses and townhomes (4) Supalai Bella Bangkok-Pathumthani Project of townhomes (5) Supalai Koh Kaew Phuket Project of single detached houses, duplex houses and townhomes (6) Supalai Premo Kooku Phuet Project of single detached houses, duplex houses and townhomes (7) Supalai Parkville Nakhon Si Thammarat Project of detached houses (8) Supalai Primo Nakhon Si Thammarat Project of duplex houses and townhomes (9) Palm Springs Prime Project of single detached houses and townhomes (10) Supalai Palm Spring 12 Project of duplex houses and townhomes (11) Supalai Primo Mahidol Project of townhomes (Chiang Mai) (12) Novo Ville Udonthani Project of duplex houses and townhomes (13) Supalai Primo Ubon Rachathani Project of single detached houses, duplex houses and townhomes (14) Supalai Bella Nakhonratchasima Project of single detached houses, duplex houses and townhomes (15) Supalai Bella Rayong Project of single detached houses, duplex houses and townhomes (16) Supalai Oriental Sukhumvit 39 Condominium Project (17) Supalai Veranda Phasi Charoen Station Condominium Project (18) Supalai Loft Yeak Fai Chai Station Condominium Project (19) Supalai Park Talat Phlu Station Condominium Project (20) Supalai Premier Charoen Nakhon Condominium Project

Overview of business operations of the Company and its subsidiaries

Supalai Public Company Limited and its subsidiaries (group of companies) operate real estate development projects for living and commercial purposes. Our projects are conceptualized with the idea of a quality living place for quality community of “Supalai residents”. We always develop our housing models with carefully selected materials that meet our ideal standards. Our pre and after delivery services are diligently supervised to foster a safe and friendly community for our clients’ utmost satisfaction. The Company and our subsidiaries operate and own the following housing projects: single detached houses, duplex houses, townhomes and condominiums in a variety of areas throughout Bangkok and peripheries including other provinces. This is to respond to the need of the market and our many clients who have different preferences and goals, and are primarily those who are middle to high income earners. Our priority is to focus on the completion of our current housing projects and deliver them by deadlines to create the brand awareness of “Supalai.” This name will be used as a leading name for every project, followed by specific name of each project to fit in with different project formats and the target market. Moreover, the Company is also the developer of offices for rent in the commercial districts, while the subsidiaries operates real estate project management as well as the management of hotels and resorts. Currently, the Company and its subsidiaries have grown to become one of the leading companies in real estate business.

Chart Indicating Shareholding Structure of the Group of Companies as at 31 December 2017



¹ The shares are held by Mr.Prateep Tangmatitham and the persons pursuant to Section 258 of the Securities and Exchange Act B.E. 2535 (1992).

² Mr.Prateep Tangmatitham and Mr.Chuan Tangmatitham who is Mr.Prateep Tangmatitham's elder brother and Mrs.Anchan Tangmatitham, Mr.Chuan Tangmatitham's wife hold shares in an aggregate number of 5.06% of the paid-up capital. The other shareholders are natural persons who are not related to the group of Mr.Prateep Tangmatitham.

³ The other shareholders comprise the group of Mr.Chuan Tangmatitham who is Mr.Prateep Tangmatitham's elder brother, which holds 4.65% shares, and juristic persons and natural persons who are not related to the group of Mr.Prateep Tangmatitham.

The Company has a total number of 10 subsidiaries and associated companies which operate real estate business as follows:

(1) Supalai Property Management Co., Ltd. (“SPM”)

The Company holds shares of this company at the rate of 99.91% of the registered capital of 25 million baht. It operates the management business of hotels, restaurants, resorts and real estate projects. At present, it is managing Supalai Pasak Resort & Spa Hotel.

During 2017, Supalai Public Company Limited purchased shares held in SPM by existing shareholders, resulting in the proportion of its shareholding increased to 99.99%.

(2) Haadyai Nakarin Co., Ltd. (“HN”)

HN was established in 1988 by a group of real estate businessmen in Songkhla Province with the group of Mr. Prateep Tangmatitham, the group of Mr. Chuan Tangmatitham and M.K. Real Estate Development Plc. holding shares at the rate of 5.40%, 4.65% and 6.03% respectively. Subsequently, in 1996, the Company, seeing the potential of real estate development in Songkhla Province and wishing to expand its investment in the provincial areas, had increased its investment ratio in HN to 49.89% of the registered capital of 191.50 million baht. Currently, it is developing the ASEAN Trade Center project, a complete range business center, 2 middle level condominium project and 8 housing projects.

During the year 2015, Supalai Public Company Limited has acquired more shares from M.K. Real Estate Development Plc. which was partly held by HN. The Company, therefore, hold more shares at 55.92%, and in 2017, Supalai Public Company Limited had purchased additional shares from small shareholders of HN, resulting in the proportion of its shareholding increased to 56.52%.

(3) Supalai Northeast Co., Ltd. (“SPN”)

The Company’s shareholding proportion in this company is 98.77% of the registered capital of Baht 335.45 million. It operates the real estate business in the northeast of Thailand and currently carrying out 6 housing projects in Khon Kaen Province.

(4) Phuket Estate Co., Ltd. (“PE”)

PE was established in 1989 in order to purchase the land in Phuket. Subsequently, in 2001, SPM which is a subsidiary of the Company has invested in PE to build hotels and resorts in Phuket Province as it saw the potential of hotels in Phuket. Since the development of hotels in Phuket needed very high amount of investment and SPM did not have sufficient capital. SPM, therefore, sold all of its shares to the Company. On 24 March 2010, the 2010 Annual General Meeting of the Shareholders of Phuket Estate Company Limited

approved an increase of that its registered share capital from Baht 153.6 million to Baht 307.3 million. The Company invested a total of Baht 143.7 million. As a result the percentage shareholding of the Company increased to 81.51 percent. PE is currently engaging in the development of resorts for long term lease and manage hotels in Phuket Province.

(5) Supalai Philippines Incorporate (“SPI”)

During the year 2013, the Company invested in 599,999,972 ordinary shares, 100% of Supalai Philippines Incorporate which is incorporated in Philippines. The Company is principally engaged in office building business.

(6) Supalai Singapore Holdings Pte. Ltd. (“SSH”)

During the year 2014-2017, the Company invested in 74,793,102 ordinary shares, or 100% of Supalai Singapore Holding Pte. Ltd. which has been incorporated in Singapore as part of foreign investment scheme.

(7) Supalai Australia Holdings Pty. Ltd. (“SAH”)

During 2014-2017, Supalai Singapore Holdings Pte. Ltd., a subsidiary of the Company invested in 38,590,100 ordinary shares, or 100% of Supalai Australia Holdings Pty. Ltd., a company incorporated in Australia, as part of investment scheme in various companies in Australia.

(8) Supalai Rippleside Development Pty. Ltd. (“SRD”)

During 2014-2017, Supalai Australia Holdings Pty. Ltd., invested in 8,150,100 ordinary shares, or 100% of Supalai Rippleside Development Pty. Ltd., a company incorporated in Australia as part of investment scheme in various companies in Australia.

(9) Supalai Officer Development Pty. Ltd. (“SOD”)

During 2014-2017, Supalai Australia Holdings Pty. Ltd., invested in 4,500,100 ordinary shares, or 100% of Supala Officer Development Pty. Ltd., a company incorporated in Australia as part of investment scheme in various companies in Australia.

(10) Supalai Greenvale Development Pty. Ltd. (“SGV”)

During 2015-2017, Supalai Australia Holdings Pty. Ltd., invested in 9,087,600 ordinary shares, or 100% of Supalai Greenvale Development Pty. Ltd., a company incorporated in Australia as part of investment scheme in various companies in Australia.

Strength in Business Operations

- Having experiences in real estate development more than 30 years, therefore are being able to produce quality products to meet the demand of the consumers at competitive cost in the market.
- Having locations of the projects in potential areas of all directions of Bangkok Metropolitan and its peripheries as well as the provincial areas with a variety of products, such as commercial buildings, townhomes, houses and condominium. The purpose is to expand the selling opportunity and distribute investment risks.
- Having developed the quality of products and services on a continual basis to satisfy the changing demand of customers until the Company has finally become a leader in developing energy-saving houses and buildings which are trusted by customers.
- Having standardized work system in the layout, design, construction and using standardized materials. The Company also focuses on after-sale-services after completion of the project by supervising and developing a safe and friendly community for the customers' utmost satisfaction until it has received international recognition system ISO 9001:2008, which covers a complete range of quality control throughout the production process up to the delivery to ensure customers' confidence. As a result, delivery can be made on an expedite basis.
- Management of risks efficiently in order to be able to sell, develop, construct and deliver the ownership quickly. It also has conducted researches to find out customers' demand and evaluated the potential of the plot of land to be developed before considering the increase of investment in existing or future projects. The projects of the Company would not be too big in order to reduce risk due to the change of market demand and to limit the investment budget in the projects so as to shorten the project's selling period.

Business Operational Objectives

The Company attaches importance to providing benefits to all groups of stakeholders on a long-term basis for the Company's sustainable growth as follows:

1. Creating utmost satisfaction to shareholders with continual appropriate returns.
2. Creating the environment and happy workplace for the employees and focusing on continual development of human resources for higher potential and efficiency in working in order to develop leading services in real estate business and enable the Company to achieve its goals and success.
3. Establishing business alliances with trading partners and contractors by adhering to honesty and business ethics.

4. Creating excellence in goods and services to satisfy demand of customers at all levels both inside and outside the country by focusing on quality housing development projects on a continual basis in suitable locations with high potential to meet the demand of target group of customers; placing importance on the plan layout, design, construction, excellent sales and services by significantly taking into account the customers' benefits and demands.
5. Prevention of potential or possible impact on the communities, the society and the environment under the concept of "Supalai....we care for Thai society" by providing good returns to the communities and the society as a whole, such as conducting studies and research as well as designing energy conservation houses; developing social environment and the areas of all the projects developed by the Company and providing support for activities of the institutions or charitable foundations so as to contribute to the society.

Characteristics of Products or Services

Supalai Public Company Limited and its subsidiaries operate real estate business and related business. The products of each category are as follows:

A. Residential Projects

1) Land and House Development Business

The Company operates the business of land and house development for selling. It comprises housing projects on a horizontal characteristics in the category of single detached houses, duplex houses and townhomes, while simultaneously developing the infrastructure and utilities in the projects. The Company's policy is to sell the land and the house in the form of ready-made houses and houses made to order. Most of the time, the Company sells the houses which are almost completed in order for the customers to see the houses during the construction and be confident that the houses would be completed as scheduled. The projects of the group of companies are located in the areas around the outer ring roads of Bangkok Metropolitan or near the existing or future mass transit systems, and also in the provincial areas which are business centers or tourist destinations. This is because they are new locations with high potential where housing is very much in demand. All projects of the group of companies are under the concept of "Supalai... we care for Thai society." There are many types of houses with different and beautiful designs in modern classic style, which are comfortable, energy-saving and cost-effective. At present, different names of the projects are given by the Company according to specific characteristics of the projects, the products and target groups of customers. This is to satisfy different demands of different groups of customers. Different types of business of the group of companies are as follows:

Supalai Prima Villa



Product Type : Single Detached House
Price Range : 6.0 – 16.0 Million Baht
Target Customers : Upper high income group, age over 30 years old,
income 150,000 baht/family/month

Supalai Essence



Product Type : 3-Storey Single Detached House, 3-Storey Duplex House
Price Range : 7.0 – 14.0 Million Baht
Target Customers : Upper high-income group, age over 35 years old,
income 150,000 baht/family/month

Supalai Park Ville



Product Type : Single Detached House
Price Range : 3.5 – 6.0 Million Baht
Target Customers : Upper medium income group, age over 30 years old,
income 70,000 baht/family/month

Supalai Garden Ville



Product Type : Single Detached House and Duplex House
Price Range : 3.7 – 6.2 Million Baht
Target Customers : Upper medium income group, age over 30 years old,
income 70,000 baht/family/month

Supalai Ville



Product Type : Single Detached House, Duplex House and Townhome
Price Range : 1.8 – 5.5 Million Baht
Target Customers : Upper medium income group, age over 24 years old,
income 35,000 baht/family/month

Supalai Primo



Product Type : Townhome
Price Range : 1.99 – 5.0 Million Baht
Target Customers : Upper medium income group, age over 25 years old,
income 40,000 baht/family/month

Supalai Pride



Product Type : Single, Duplex House and Townhome
Detached House
Price Range : 2.4 – 6.0 Million Baht
Target Customers : Upper medium income group, age over 25 years old,
income 50,000 baht/family/month

Supalai Bella



Product Type : Townhome, Duplex House and Single Detached House
Price Range : 1.6 – 5.0 Million Baht
Target Customers : Upper medium income group, age over 25 years old,
income 30,000 baht/family/month

Novo Ville



Product Type : Townhome
Price Range : 1.2 – 2.7 Million Baht
Target Customers : Upper medium income group, age over 25 years old,
income 25,000 baht/family/month

Supalai Monte Biz



Product Type : Commercial building
Price Range : 3.3 – 7.0 Million Baht
Target Customers : Upper medium income group, age over 30 years old,
income 50,000 baht/family/month

Palm Spring



Product Type : Townhome, Duplex House and Single Detached House
Price Range : 1.7 – 10.0 Million Baht
Target Customers : Upper medium income group, age over 25 years old, income 30,000 baht/family/month

Supalai Royal River



Product Type : Single Detached House
Price Range : 2.2 – 6.7 Million Baht
Target Customers : Upper medium income group, age over 30 years old, income 45,000 baht/family/month

Supalai Essence



Product Type : Single Detached House and Commercial building
Price Range : 4.1 – 7.9 Million Baht
Target Customers : Upper medium income group, age over 30 years old, foreigners, income 80,000 baht/family/month

Supalai Moda



Product Type : Single Detached House and Modern Style Duplex House
Price Range : 3.7 – 5.9 Million Baht
Target Customers : Upper medium income group, age over 30 years old, foreigners, income 50,000 baht/family/month

Supalai Lagoon



Product Type : Single Detached House, Townhome Modern style
Price Range : 2.5 – 9.0 Million Baht
Target Customers : Upper medium income group, age over 25 years old, income 40,000 baht/family/month

2) Condominium Business

The Company operates the development of condominiums for selling which comprises project of high-rise residential buildings in the locations near public utility sources and mass communications including the area along the Chao Phraya River. The names of the condominium projects are given differently according to the specific formats of the products and the target groups of customers as follows:

Supalai Oriental Sukhumvit 39



Product Type : Condominium
Price Range : 5 – 54 Million Baht
Target Customers : Upper medium income group, age over 35 years old,
income 80,000 baht/family/month

Supalai Riva Grande



Product Type : Condominium
Price Range : 4.28 – 16.42 Million Baht
Target Customers : Upper medium income group, age over 28 years old,
income 80,000 baht/family/month

Supalai Elite



Product Type : Condominium
Price Range : 4.35 – 19.0 Million Baht
Target Customers : Upper medium income group, age over 28 years old,
income 100,000 baht/family/month

Supalai Wellington



Product Type : Condominium
Price Range : 2.7 – 20.3 Million Baht
Target Customers : Upper medium income group, age over 28 years old,
income 50,000 baht/family/month

Supalai Lite



Product Type : Condominium

Price Range : 2.8 – 4.8 Million Baht

Target Customers : Upper medium income group, age over 28 years old,
income 50,000 baht/family/month

Supalai Veranda



Product Type : Condominium

Price Range : 1.69 – 8.7 Million Baht

Target Customers : Upper medium income group, age over 25 years old,
income 30,000 baht/family/month

Supalai Loft



Product Type : Condominium

Price Range : 1.8 – 10.0 Million Baht

Target Customers : Upper medium income group, age over 25 years old,
income 30,000 baht/family/month

Supalai Vista



Product Type : Condominium

Price Range : 1.6 – 4.5 Million Baht

Target Customers : Upper medium income group, age over 25 years old,
income 28,000 baht/family/month

Supalai Park Ratchavipha



Product Type : Condominium

Price Range : 1.6 – 5.5 Million Baht

Target Customers : Upper medium income group, age over 25 years old,
income 28,000 baht/family/month

Supalai Cute Ratchayothin – Phaholyothin 34



Product Type : Condominium
Price Range : 1.9 – 3.1 Million Baht
Target Customers : Upper medium income group, age over 25 years old,
income 28,000 baht/family/month

Supalai City Resort



Product Type : Condominium
Price Range : 1.19 – 4.3 Million Baht
Target Customers : Upper medium income group, age over 25 years old,
income 25,000 baht/family/month

Supalai Vista Phuket



Product Type : Condominium
Price Range : 1.3 – 3.9 Million Baht
Target Customers : Upper medium income group, age over 30 years old,
income 30,000 baht/family/month

Supalai Park @ Downtown Phuket



Product Type : Condominium
Price Range : 2.4 Million Baht
Target Customers : Upper medium income group, age over 30 years old,
income 50,000 baht/family/month

Supalai Park @ Phuket City



Product Type : Condominium
Price Range : 1.4 – 3.6 Million Baht
Target Customers : Upper medium income group, age over 30 years old,
income 50,000 baht/family/month

Supalai Monte @ Viang Chiang Mai



Product Type : Condominium
Price Range : 1.78 – 4.6 Million Baht
Target Customers : Upper medium income group, age over 25 years old,
income 25,000 baht/family/month

Supalai Monte II



Product Type : Condominium
Price Range : 1.9 – 4.6 Million Baht
Target Customers : Upper medium income group, age over 25 years old,
income 25,000 baht/family/month

Supalai Mare @ Pattaya



Product Type : Condominium
Price Range : 1.4 – 4.9 Million Baht
Target Customers : Upper medium income group, age over 27 years old,
income 30,000 baht/family/month

Supalai Lagoon Condo



Product Type : Condominium
Price Range : 1.0 – 2.3 Million Baht
Target Customers : Upper medium income group, age over 24 years old,
foreigners, income 18,000 baht/family/month

City Resort Pasawang @ Phaetkaseam Hatyai



Product Type : Condominium
Price Range : 1.4 – 4.4 Million Baht
Target Customers : Upper medium income group, age over 25 years old,
foreigners, income 25,000 baht/family/month

B. Office Building Business

The Company operates office building in order to lease out office space to customers in high potential areas to be easily connected to central business districts with complete range of public utilities and communications. Currently, the Company has opened “Supalai Grand Tower”, the office building on Rama 3 Road. It is a 33-floor building with 42,000 square meters of the space for rent and 1 car-park building. This office building has been designed in modern style of architectural shape of an oval that has suitable areas for use. It is an energy-saving building. The space for rent begins with the size of 118-1,000 square meters or more.

Supalai Philippines Inc., is Supalai’s subsidiary operating the business of renting office buildings to customers. The office building is A-grade building of 45 floors with the parking space included and the total area is 67,590 square meters. Supalai Philippines Inc., owns 16 floors with the total area of approximately 20,000 square meters. This building was built in 1998 and the design was developed by world class architect company, namely, Skidmore, Owings & Merrill. In 1999-2000, this building was recorded as the tallest building in the Philippines.

Despite the fact that this building had been built for quite a long time, it has been well taken care of by the Building Management Department of Colliers and Petron Mega Plaza Condominium Association. The building has won the awards regarding building maintenance in the contests organized by many agencies.

In 2017, Supalai Philippines Inc., entered into the Selling Agreement of office building for rent in the amount of 1,620 million peso and recognized the profit from such sales in the amount of 669 million peso (457 million baht)

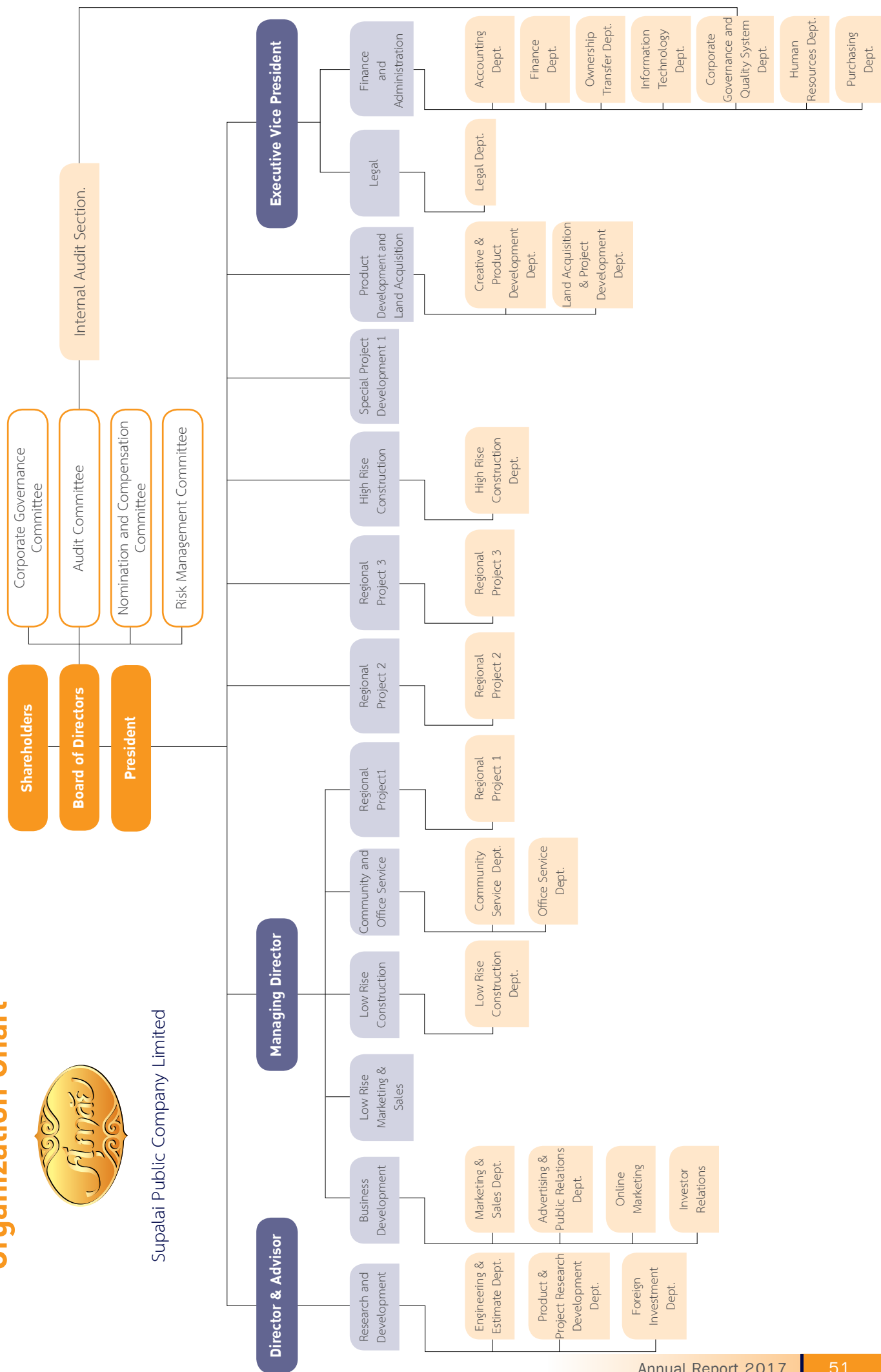
C. Hotel and Resort Business

The group of companies operates hotel and resort business by focusing on the provincial areas with high potential. Currently, there are 2 places under its management, namely, “Supalai Pasak Resort & Spa” with 138 rooms in Saraburi Province near natural tourist destination not far from Bangkok. It is surrounded by shady trees, stream and mountains with modern facilities. The second place is “Supalai Resort & Spa Phuket” in Phuket Province. It is a 4-star hotel. It has 182 rooms in deluxe and pool side villa types with the target group of foreign customers.

Organization Chart



Supalai Public Company Limited



Management Team & Board of Directors

According to the Company's management structure, there are 7 committees, namely, the Board of Directors and the Board of Advisor, the Audit Committee, the Nomination and Compensation Committee, the Corporate Governance Committee, the Risk Management Committee, the Executive Committee and the Management Committee according to the list and scope of duties as follows:



Board of Directors

1.	Dr.Prateep	Tangmatitham*	Chairman of the Board
2.	Mrs.Ajchara	Tangmatitham*	Director
3.	Mr.Tritecha	Tangmatitham*	Director
4.	Mr.Prakit	Pradipasen	Independent Director
5.	Assoc.Prof.Dr.Virach	Aphimeteetamrong	Independent Director
6.	Assoc.Prof.Dr.Somjai	Phagaphasvivat	Independent Director
7.	Mr.Anant	Gatepithaya	Independent Director
8.	Assist.Prof.Aswin	Bijayayodhin	Independent Director
9.	Mr.Atip	Bijanonda	Director
10.	Mr.Prasas	Tangmatitam	Director
11.	Mr.Krid	Chancharoensuk*	Director

Board of Advisor

12.	Dr.Sahas	Bunditkul
-----	----------	-----------

Company Secretary

Mrs.Varunee	Lapitananuvat
-------------	---------------

Remark * These four directors are authorized to act on behalf of the company with any two joint signatory with Company's seal



Audit Committee

- | | | |
|----------------------|--------------|---------------------------------|
| 1. Mr.Prakit | Pradipasen | Chairman of the Audit Committee |
| 2. Mr.Anant | Gatepithaya | Director of the Audit Committee |
| 3. Assist.Prof.Aswin | Bijayayodhin | Director of the Audit Committee |

Secretary

Ms.Toopthong	Hirunyanulak
--------------	--------------



Nomination and Compensation Committee

- | | | |
|-------------------------|------------------|---|
| 1. Mr.Prakit | Pradipasen | Chairman of the Nomination and Compensation Committee |
| 2. Assoc.Prof.Dr.Virach | Aphimeteetamrong | Director of the Nomination and Compensation Committee |
| 3. Mrs.Ajchara | Tangmatitham | Director of the Nomination and Compensation Committee |

Secretary

Mrs.Varunee	Lapitananuvat
-------------	---------------



Corporate Governance Committee

- | | | |
|----|-------------------------------------|--|
| 1. | Assoc.Prof.Dr.Somjai Phagaphasvivat | Chairman of Corporate Governance Committee |
| 2. | Mr.Prasas Tangmatitam | Director of Corporate Governance Committee |
| 3. | Mr.Atip Bijanonda | Director of Corporate Governance Committee |
| 4. | Mr.Tritecha Tangmatitham | Director of Corporate Governance Committee |

Secretary

Ms.Toophong Hirunyanulak



Risk Management Committee

1. Mr.Anant	Gatepithaya	Chairman of Risk Management Committee
2. Mr.Atip	Bijanonda	Director of Risk Management Committee
3. Mr.Tritecha	Tangmatitham	Director of Risk Management Committee
4. Mrs.Varunee	Lapitananuvat	Director of Risk Management Committee
5. Mr.Punnapan	Nengpetch	Director of Risk Management Committee
6. Mr.Kittipong	Sirilugtrakun	Director of Risk Management Committee
7. Mr.Boonchai	Chaiananbovorn	Director of Risk Management Committee
8. Mr.Adisak	Warinsirikul	Director of Risk Management Committee
9. Mr.Worasit	Trirapatanapong	Director of Risk Management Committee
10. Ms.Tanwarat	Punyaratana	Director of Risk Management Committee
11. Mrs.Suchawadee	Suppha-asa	Director of Risk Management Committee
12. Mr.Krid	Chancharoensuk	Director of Risk Management Committee

Secretary

Ms.Toopthong	Hirunyanulak
--------------	--------------



Executive Committee

- | | | |
|----------------|--------------|--------------------------|
| 1. Dr.Prateep | Tangmatitham | Chief Executive Officer |
| 2. Mrs.Ajchara | Tangmatitham | Executive Vice President |
| 3. Mr.Tritecha | Tangmatitham | Managing Director |



Management Committee

1. Dr.Prateep	Tangmatitham	Chief Executive Officer
2. Mrs.Ajchara	Tangmatitham	Executive Vice President
3. Mr.Tritecha	Tangmatitham	Managing Director
4. Mrs.Varunee	Lapitananuvat	Deputy Managing Director
5. Mr.Punnapan	Nengpetch	Deputy Managing Director
6. Mr.Kittipong	Sirilugtrakun	Senior Assistant Managing Director of High Rise Construction
7. Mr.Boonchai	Chaiananbovorn	Assistant Managing Director of Regional Project 2
8. Mr.Adisak	Warinsirikul	Assistant Managing Director of Regional Project 3
9. Mr.Worasit	Trirapatanapong	Assistant Managing Director
10. Ms.Tanwarat	Punyaratana	Assistant Managing Director
11. Mrs.Suchawadee	Suppha-asa	Senior Director of Administration
12. Mr.Krid	Chancharoensuk	Director of Legal

Board of Directors

Dr.Prateep Tangmatitham

Age 69 years

Chairman of the Board, Chief Executive Officer

Date of Appointment : 26 June 1989

Length of Service (as at 24 April 2018)

28 years 10 months

Education

- Hons. PH.D.Sc. (Innovative Real Estate Development)
Thammasat University
- M.Arch. (Hons.) (Housing)
University of Illinois at Urbana-Champaign USA
- B.Arch. (Hons.) Chulalongkorn University

Training

- The Job of the CEO-IMD (Institute for Management Development)
- Capital Market Academy, Class 7
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives, King Prajadhipok's Institute, Class 16
- Advanced Certificate Course in Public Economics Management for Executives, King Prajadhipok's Institute, Class 9
- Urban Green Development Institute Bangkok, Class 1
- Thai Institute of Directors
 - Course Seminar Anti-Corruption : Thailand's 3rd National Conference on Collective Action Against Corruption Class 2/2012
 - RCP : The Role of Chairman Program Class 9/2003
 - DCP : Director's Certification Program Class 17/2002

Present Position

- Directorship(s) in Listed Company(ies)
 - 1989 – Present Chairman of the Board, Chief Executive Officer of Supalai Public Company Limited
- Directorship(s) in Related Company(ies)
 - 2015 – Present Chairman of Supalai Greenvale Development PTY.LTD
 - 2014 – Present Chairman of Supalai Officer Development PTY.LTD
 - 2014 – Present Chairman of Supalai Rippleside Development PTY.LTD
 - 2014 – Present Chairman of Supalai Australia Holdings PTY.LTD
 - 2014 – Present Chairman of Supalai Singapore Holdings PTE.LTD
 - 2013 – Present Chairman of Supalai Philippines Incorporated
 - 1993 – Present Chairman of Supalai Property Management Company Limited
 - 1993 – Present Chairman



- 1989 – Present of Supalai Northeast Company Limited
- 1989 – Present President of Haadyai Nakarin Company Limited
- 1989 – Present Director of Phuket Estate Company Limited
- Directorship(s) in Other Company(ies)
 - 1988 – Present Director of Munkong Estate Company Limited
- Directorship(s) in Others
 - 2015 – Present Vice President of TEO AUN Association of Thailand
 - 2012 – Present Honorary President of University of Illinois Alumni Association Thailand Chapter
 - 2011 – Present Vice President of King Prajadhipok's Institute Association
 - 2000 – Present Honorary President of Thai Condominium Association

Former Last 5 Years

-None-

Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2017)

- Held personally 406,865,644 shares, 23.70%
- Held by spouse or minor children 90,188,200 shares, 5.25%

Family Relationship Among Directors and Executives

- Ms.Ajchara Tangmatitham's husband and is a father of Mr.Tritecha Tangmatitham and is an older brother of Mr.Prasas Tangmatitarn

Illegal Record in the Last 10 years

-None-

Number of Meetings Attended / Total

The Board of Directors 12/12

Mrs.Ajchara Tangmatitham

Age 69 years

Director of the Board, Executive Vice President, Director
of the Nomination and Compensation Committee

Date of Appointment : 26 June 1989

Royal Thai Orders And Decorations : Companion (Fourth Class)
of the Most Admirable Order of Direkgunabhorn

Length of Service (as at 24 April 2018)

28 years 10 months

Education

- M.S. Finance at University of Illinois at Urbana-Champaign USA
- B.A. Accountancy (Hons.) Thammasat University
- Certified Public Accountant (Thailand)

Training

- Thai Institute of Directors Director's
 - DCP : Certification Program Class 30/2003
 - CSP : Company Secretary Program Class 1/2002

Present Position

- Directorship(s) in Listed Company(ies)
 - 1989 – Present Director of the Board, Executive Vice President, Director of the Nomination and Compensation Committee of Supalai Public Company Limited
- Directorship(s) in Related Company(ies)
 - 1993 – Present Director of Supalai Property Management Company Limited
 - 1993 – Present Director of Supalai Northeast Company Limited
 - 1989 – Present Director of Haadyai Nakarin Company Limited
 - 1989 – Present Director of Phuket Estate Company Limited
- Directorship(s) in Other Company(ies)
 - 1988 – Present Director of Munkong Estate Company Limited



Former Last 5 Years

-None-

Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2017)

- Held personally 90,188,200 shares, 5.25%
- Held by spouse or minor children 406,865,644 shares, 23.70%

Family Relationship Among Directors and Executives

- Dr.Prateep Tangmatitham's wife and is a mother of Mr.Tritecha Tangmatitham

Illegal Record in the Last 10 Years

-None-

Number of Meetings Attended / Total

- The Board of Directors 11/12
- The Nomination and Compensation Committee 2/2

Mr. Tritecha Tangmatitham

Age 39 years

Managing Director, Director of the Board, Director of the Corporate Governance Committee, Director of the Risk Management Committee

Date of Appointment : 21 April 2009

Length of Service (as at 24 April 2018)

9 years

Education

- Master of Business Administration at Sasin Graduate Institute of Business Administration, Chulalongkorn University, Majoring in Marketing and Strategic Management
- Bachelor of Commerce at the University of Melbourne, Majoring in Marketing Economics

Training

- Thai Institute of Directors
 - DCP : Director's Certification Program Class 120/2009

Present Position

- Directorship(s) in Listed Company(ies)
 - 2009 – Present Managing Director, Director of the Board, Director of the Corporate Governance Committee, Director of the Risk Management Committee of Supalai Public Company Limited.
- Directorship(s) in Related Company(ies)
 - 2007 – Present Director of Supalai Northeast Company Limited
- Directorship(s) in Other Company(ies)
 - 2009 – Present Director of Housing Business Association

Former Last 5 Years

-None-



Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2017)

- Held personally 1,332,000 shares, 0.08%
- Held by spouse or minor children -None-

Family Relationship Among Directors and Executives

- Son of Dr.Prateep Tangmatitham and Ms.Ajchara Tangmatitham.

Illegal Record in the Last 10 Years

-None-

Number of Meetings Attended / Total

- The Board of Directors 12/12
- The Corporate Governance Committee 1/1
- The Risk Management Committee 1/1

Mr. Prakit Pradipasen

Age 75 years

Independent Director, Chairman of the Audit Committee,
Chairman of the Nomination and Compensation Committee

Date of Appointment : 25 April 2001

Length of Service (as at 24 April 2018)

17 years

Education

- M.A. Business Administration Wayne State University, Detroit, Michigan, USA
- B.A. Science in Business Administration, Silliman University, Durnaguete, Philippines

Training

- Citibank Credit Training Center, Philippines
- Senior Executive Program, Stanford National of Singapore, Singapore
- Special Program of National Defence College, Joint Public & Private Sector Class 3
- Program for Senior Executive, The Sloan School of Management Massachusetts Institute of Technology, USA
- Thai Institute of Directors
 - Course Seminar R-CAC : Thailand's 4th National Conference on Collective Action Against Class 1/2013
 - RCP : The Role of Chairman Program Class 15/2007
 - DAP : Director Accreditation Program Class 1/2003

Present Position

- Directorship(s) in Listed Company(ies)
 - 2005 – Present Chairman of the Board of Asian Marine Services Public Company Limited
 - 2003 – Present Chairman of the Board of Diamond Building Products Public Company Limited
 - 2001 – Present Independent Director of Susco Public Company Limited
 - 2001 – Present Independent Director, Chairman of the Audit Committee of Haadthip Public Company Limited
 - 2001 – Present Independent Director, Chairman of the Audit Committee of Luckytex (Thailand) Public Company Limited
 - 2001 – Present Independent Director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation Committee of Supalai Public Company Limited
 - 1991 – Present Chairman of the Board of The Erawan Group Public Company Limited
- Directorship(s) in Other Company(ies)
 - 1986-Present Chairman of the Board of Ang Thong Sugar Terminal Company Limited



Former Last 5 Years

- Directorship(s) in Listed Company(ies)
 - 2000 - 2016 Independent Director, Chairman of the Audit Committee of Thai Carbon Black Public Company Limited

Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2017)

- Held personally -None-
- Held by spouse or minor children -None-

Family Relationship Among Directors and Executives

-None-

Illegal Record in the Last 10 Years

-None-

Number of Meetings Attended / Total

- The Board of Directors 12/12
- The Audit Committee 12/12
- The Nomination and Compensation Committee 2/2

Assoc.Prof.Dr.Virach Aphimeteetamrong

Age 75 years

Independent Director, Director of the Nomination and Compensation Committee

Date of Appointment : 5 October 1992

Length of Service (as at 24 April 2018)

25 years 6 months

Education

- Ph.D (Finance) University of Illinois at Urbana - Champaign USA
- M.B.A. Gothenburg, Sweden
- M.A.S. University of Illinois at Urbana-Champaign (UIUC), USA
- Bachelor of Accounting (Second Class Honor), Chulalongkorn University

Training

- Thai Institute of Directors
 - Course Seminar R-CF : Chairman Forum 2015 "Chairman Role in Building Independence across the Board" Class 1/2015
 - CGI : Corporate Governance for Capital Market Intermediaries Class 5/2015
 - Course Seminar R-CF : Chairman Forum 2014 "Chairman Role in Building Independence across the Board" Class 1/2014
 - ACEP : Anti-Corruption for Executive Program Class 4/2012
 - Course Seminar R-SS: Special Seminar Class 1/2010
 - Course Seminar M-DLB: Director Luncheon Briefing Class 1/2009
 - Course Seminar M-AGM: Annual General Meeting Class 1/2009
 - DAP : Director Accreditation Program Class 2/2003

Present Position

- Directorship(s) in Listed Company(ies)
 - 2015 – Present Independent Director of Asia Plus Group Holdings Public Company Limited
 - 2013 – Present Independent Director of Thai Agro Energy Public Company Limited
 - 2006 – Present Chairman of Intouch Holdings Public Company Limited
 - 2006 – Present Independent Director of Bangkok Chain Hospital Public Company Limited
 - 1995 – Present Independent Director of Metro Systems Corporation Public Company Limited
 - 1992 – Present Independent Director and Director of the Corporate Governance Committee of Supalai Public Company Limited
- Directorship(s) in Other Company(ies)
 - 2004 - Present Independent Director of Asia Plus Securities Company Limited
 - 2003 – Present Independent Director of TRIS Corporation Limited
 - 1988 – Present Chairman of Dr.Virach and Associates Office Company Limited



Former Last 5 Years

- Directorship(s) in Other Company(ies)
 - 1993 – 2017 Director of Supalai Property Management Company Limited

Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2017)

- Held personally 2,231,466 shares, 0.13%
- Held by spouse or minor children -None-

Family Relationship Among Directors and Executives

-None-

Illegal Record in the Last 10 Years

-None-

Number of Meetings Attended / Total

- The Board of Directors 12/12
- The Nomination and Compensation Committee 2/2

Assoc.Prof.Dr.Somjai Phagaphasvivat

Age 71 years

Independent Director, Chairman of the Corporate Governance Committee

Date of Appointment : 13 October 2015

Length of Service (as at 24 April 2018)

2 year 6 months

Education

- Doctorado de Estado, Facultad de Ciencia Politica, Universidad Complutense de Madrid, Spain
- Diplome d'Etudes Superieures, (Economic Integration), Universite de Nancy, France
- Licenciatura, Facultad de Ciencia Politica Economica, Universidad Complutense de Madrid, Spain
- Bachelor of Arts, Chulalongkorn University

Training

- Thai Institute of Directors
 - DAP : Director Accreditation Program class 34/2005

Present Position

- Directorship(s) in Listed Company(ies)
 - 2015 – Present Independent Director, Chairman of the Corporate Governance Committee of Supalai Public Company Limited
 - 2013 – Present Independent Director, Chairman of the Audit Committee of Amarin Printing and Publishing Public Company Limited
 - 2009 – Present Independent Director, Director of the Audit Committee of Thanachart Bank Public Company Limited
 - 2004 – Present Chairman of the Board of SEAFCO Public Company Limited
 - 1997 – Present Independent Director, Chairman of the Audit Committee of Lee Feed Mill Public Company Limited

Former Last 5 Years

- Directorship(s) in Other Company(ies)
 - 1997 – 2016 Director and Chairman of the Audit Committee of Krungthep Thanakom Company Limited



Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2017)

- Held personally -None-
- Held by spouse or minor children -None-

Family Relationship Among Directors and Executives

-None-

Illegal Record in the Last 10 Years

-None-

Number of Meetings Attended / Total

- The Board of Directors 12/12
- The Corporate Governance Committee 1/1

Mr. Anant Gatepithaya

Age 66 years

Independent Director, Director of the Audit Committee,
Chairman of the Risk Management Committee

Date of Appointment : 22 January 2001

Length of Service (as at 24 April 2018)

17 years 3 months

Education

- M.M. (Management) Sasin Graduate Institute of Business Administration Chulalongkorn University
- M.B.A. (Management) Commerce Faculty of Commerce and Accountancy Thammasat University
- BA (Statistics) Commerce Faculty of Commerce and Accountancy Chulalongkorn University

Training

- Thai Institute of Directors
 - Course Seminar : R-ACF : Audit Committee Forum "The Audit Committee's Role in Compliance and Ethical Culture Oversight" Class 1/2017
 - Course Seminar : M-DBT : IOD Breakfast Talk 2/2017 "Cybersecurity: Risks, Liabilities, and Best Practices" Class 2/2017
 - Course Seminar : NDC : National Director Conference 2017 Class 1/2017
 - Course Seminar : M-AGM : AGM 2017 & Dinner Talk "Board of directors and their roles in driving Thailand forward" Class 1/2017
 - Course Seminar : R-DF : Director Forum 2017 "The Board's Role in CEO Succession Planning" Class 1/2017
 - Course Seminar : M-DLB : IOD Director's Briefing 2/2017 : Directing in the Year of the Rooster: Hot Issues and Outlook for 2017 Class 2/2017
 - National Director Conference 2016 : Enhancing Growth Through Governance in Family-Controlled Businesses
 - RCL : Risk Management Program for Corporate Leaders Class 1/2015
 - Course Seminar : Director Forum 2/2015 : Building better board through effective Independent Director
 - Course Seminar C-Conference : "Thailand's 5th National Conference on Collective Action Against Corruption" Class 1/2014
 - AACP : Advanced Audit Committee Program Class 17/2014
 - RMP : Risk Management Committee Program Class 1/2013
 - Course Seminar : SE2 : "Risk Resilience: How the company's directors should deal with the issues of Enterprise Risk Management?" Class 2/2013
 - Course Seminar SE3 : CNBC Summit: Myanmar Class 3/2013
 - Course Seminar : R-Forum : "Director Nomination Issues and Trend" Class 1/2013
 - Course Seminar : DTT : Personal Financial Planning Workshop for Directors Class 1/2013
 - Course Seminar : AGM : "Integrity Pact: Transparency Tool for Preventing Corruption" Class 1/2013
 - Course Seminar : NDC : The 2nd National Director Conference 2013 "Board Leadership Evolution" Class 1/2013
 - Course Seminar : DBT : "The Governance Role of the Board in the Preparation and Response to Unforeseen Crisis and the Oversight of (Foreign) Subsidiaries" Class 1/2013
 - HRP : How to Develop a Risk Management Class 2/2012
 - QFR : Improving the Quality of Financial Reporting Class 1/2006
 - DAP : Director Accreditation Program Class 7/2004
 - ACP : Audit Committee Program Class 2/2004
 - DCP : Director's Certification Program Class 17/2002



Present Position

- Directorship(s) in Listed Company(ies)
 - 2007 – Present Independent Director, Director of the Audit Committee of Raja Ferry Port Public Company Limited
 - 2007 – Present Independent Director, Director of the Audit Committee, Director of the Nomination and Compensation Committee, Chairman of The Risk Management Committee and of Hydrotek Public Company Limited
 - 2004 – Present Independent Director, Director of the Audit Committee, Director of the Nomination and Compensation Committee, Chairman of The Risk Management Committee of Fortune Parts Industry Public Company Limited
 - 2003 – Present Independent Director, Chairman of the Audit Committee, Chairman of the Risk Management Committee, Director of the Nomination and Compensation Committee of CMO Public Company Limited
 - 2001 – Present Independent Director, Director of the Audit Committee, Chairman of the Risk Management Committee of Supalai Public Company Limited
- Directorship(s) in Other Company(ies)
 - 2008 – Present Independent Director, Director of the Audit Committee of Zeer Property Public Company Limited
 - 2000 – Present Chairman of The Brilliant Solution Company Limited

Former Last 5 Years

-None-

Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2017)

- Held personally -None-
- Held by spouse or minor children -None-

Family Relationship Among Directors and Executives

-None-

Illegal Record in the Last 10 Years

-None-

Number of Meetings Attended / Total

- The Board of Directors 12/12
- The Audit Committee 12/12
- The Risk Management Committee 1/1

Assist.Prof.Aswin Bijayayodhin

Age 77 years

Independent Director, Director of the Audit Committee

Date of Appointment : 10 May 2011

Length of Service (as at 24 April 2018)

6 years 11 months

Education

- Master of Architecture, University of Illinois, USA
- Bachelor of Architecture (Honor), Chulalongkorn University

Training

- Thai Institute of Directors
 - SFE : Successful Formulation & Execution of Strategy Class 29/2017
 - AACP : Advanced Audit Committee Program Class 24/2016
 - FSD : Financial Statements for Directors Class 26/2014
 - ACP : Audit Committee Program Class 38/2012
 - DAP : Director Accreditation Program Class 91/2011

Present Position

- Directorship(s) in Listed Company(ies)
 - 2011 – Present Independent Director, Director of the Audit Committee of Supalai Public Company Limited
- Directorship(s) in Other Company(ies)
 - 2014 – Present Advisory of “Board of Trade of Thailand” on Real Estate Business Construction and Design
 - 2013 – Present Vice President of Alumni Association of Illinois University
 - 2012 – Present Honorary Advisor “Real Estate Broker Association”
 - 2009 – Present Advisor “The Committee of Property Valuation in Bangkok” Treasury Department
 - 2002 – Present Advisory Committee of “The Real Estate Business Development” Thammasat University
 - 2001 – Present Chairman Advisor of “The Thai Real Estate Business School (TREBS)”
 - 2000 – Present Lecturer for the Graduate Study of Chulalongkorn University, Thammasat University, Silpakorn University and The School of Real Estate Business
 - 2000 – Present Advisor of “The Association of Condominium”, “The Association of Housing Business”, “The Association of Real Estate Business”
 - 2000 – Present Lecturer for the Graduate Study on “Real Estate Management” (MRE) Thammasat University
 - 1997 – Present Lecturer for the Higher Certificate Study on “Property Valuation” Thammasat University



Former Last 5 Years

- Directorship(s) in Others
 - 2011 – 2015 Sub Committee of “The office of the National Broadcasting and Telecommunication”
 - 2011 – 2014 Advisor of the “Board of Trade of Thailand” on Real Estate Business Development
 - 2011 – 2014 Advisor “National Economic and Social Advisory Council” on Infrastructure, Communication and Energy
 - 2011 – 2014 Advisor “The Committee of the New Parliament Construction” at Kiang Kay
 - 2011 – 2013 Chairman of the Board of Determine Price Construction Building, The Valuers Association of Thailand

Percentage of the Company’s Shareholding (Ordinary Shares) (as at 31 December 2017)

- Held personally -None-
- Held by spouse or minor children -None-

Family Relationship Among Directors and Executives

-None-

Illegal Record in the Last 10 Years

-None-

Number of Meetings Attended / Total

- The Board of Directors 12/12
- The Audit Committee 12/12

Mr. Atip Bijanonda

Age 59 years

Director of the Board, Director of the Corporate Governance Committee, Director of the Risk Management Committee

Date of Appointment : 2 March 1992

Length of Service (as at 24 April 2018)

26 years

Education

- M.B.A (International Business) Georgia State University, USA
- M.B.A (Finance) Mercer University, USA
- B.Acc. (Finance) Chulalongkorn University
- Graduate Degree of the National Defense College of Thailand 2009

Training

- Certificate Course in Top Executive Program in Commerce and Trade (TEPCoT), Class 8
- Thai Institute of Directors
 - ACPG : Anti-Corruption the Practical Guide Class 37/2017
 - HRP : How to Develop a Risk Management Plan Class 12/2017
 - RCL : Risk Management Program for Corporate Leaders Class 6/2017
 - DCP : Director's Certification Program Class 24/2002
 - DAP : Director Accreditation Program Class 8/2004

Present Position

- Directorship(s) in Listed Company(ies)
 - 1992-Present Director of the Board, Director of the Corporate Governance Committee, Director of the Risk Management Committee of Supalai Public Company Limited
- Directorship(s) in Related Company(ies)
 - 2015 – Present Director of Supalai Greenvale Development PTY.LTD
 - 2014 – Present Director of Supalai Officer Development PTY.LTD
 - 2014 – Present Director of Supalai Rippleside Development PTY.LTD
 - 2014 – Present Director of Supalai Australia Holdings PTY.LTD
 - 2014 – Present Director of Supalai Singapore Holdings PTE.LTD
 - 2013 – Present Director of Supalai Philippines Incorporated



Directorship(s) in Other Company(ies)

- Present Position
 - 2016 – Present Member of Physical Planning Reform Committee of National Reform Steering Assembly (NRSA)
 - 2015 – Present Chairman of the Committee on Business of Real Estate Development of the Thai Chamber of Commerce
 - 2015 – Present Director of Thai Listed Companies Association
 - 2013 – Present President of Housing Business Association
 - 2010 – Present Board of Director of Board of Trade of Thailand
 - 2008 – Present Chairman of the Committee on Trade Associations Group of Real Estate Business Design and Construction, Board of Trade of Thailand
 - 2004 – Present Honorary President of Thai Condominium Association
 - 2004 – Present Board of Real Estate Information Center of the Government Housing Bank (GHB.)

Former Last 5 Years

- Directorship(s) in Listed Company(ies)
 - 2010 – 2014 Managing Director of Supalai Public Company Limited

Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2017)

- Held personally 5,334,140 shares, 0.31%
- Held by spouse or minor children -None-

Family Relationship Among Directors and Executives

-None-

Illegal Record in the Last 10 Years

-None-

Number of Meetings Attended / Total

- The Board of Directors 12/12
- The Corporate Governance Committee 1/1
- The Risk Management Committee 0/1

Mr. Prasad Tangmatitum

Age 67 years

Director of the Board, Director of the Corporate Governance Committee

Date of Appointment : 25 April 2001

Length of Service (as at 24 April 2018)

17 years

Education

- Master of Economics (English Program), Thammasat University
- Bachelor of Engineering, Major in Survey Engineering Chulalongkorn University

Training

- Thai Institute of Directors
 - SFE : Successful Formulation & Execution the Strategy Class 14/2012
 - DCP : Director's Certification Program Class 36/2003
 - DCP Diploma : Directors Certification Program Diploma Class 11/2003
 - Course Seminar SE2 : "Risk Resilience: How the company's directors should deal with the issues of Enterprise Risk Management?" Class 2/2013
 - Course Seminar DBT : "The Governance Role of the Board in the Preparation and Response to Unforeseen Crisis and the Oversight of (Foreign) Subsidiaries" Class 1/2013

Present Position

- Directorship(s) in Listed Company(ies)
 - 2001 - Present Director of Supalai Public Company Limited
- Directorship(s) in Related Company(ies)
 - 2015 - Present Director of Supalai Greenvale Development PTY.LTD
 - 2014 - Present Director of Supalai Officer Development PTY.LTD
 - 2014 - Present Director of Supalai Rippleside Development PTY.LTD
 - 2014 - Present Director of Supalai Australia Holdings PTY.LTD
 - 2014 - Present Director of Supalai Singapore Holdings PTE.LTD
 - 2013 - Present Director of Supalai Philippines Incorporated



Former Last 5 Years

-None-

Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2017)

- Held personally -None-
- Held by spouse or minor children -None-

Family Relationship Among Directors and Executives

- Younger brother of Dr. Prateep Tangmatitham

Illegal Record in the Last 10 Years

-None-

Number of Meetings Attended / Total

- The Board of Directors 12/12
- The Corporate Governance Committee 1/1

Mr.Krid Chancharoensuk

Age 47 years

Director of the Board, Director of the Risk Management Committee

Date of Appointment : 22 April 2014

Length of Service (as at 24 April 2018)

4 years

Education

- Bachelor of Laws, Ramkhamhaeng University

Training

- Thai Institute of Directors
 - RCL : Risk Management Program for Corporate Leaders Class 1/2015
 - Course Seminar : Act against Corruption the Board of Director should know 4/2015
 - DCP : Directors Certification Program Class 193/2014

Present Position

- Directorship(s) in Listed Company(ies)
 - 2014 – Present Director of Supalai Public Company Limited

Former Last 5 Years

-None-



Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2017)

- Held personally -None-
- Held by spouse or minor children -None-

Family Relationship Among Directors and Executives

-None-

Illegal Record in the Last 10 Years

-None-

Number of Meetings Attended / Total

- The Board of Directors 12/12
- The Risk Management Committee 1/1

Dr.Sahas Bunditkul

Age 67 years

Board of Advisor

Date of Appointment : 14 November 2015

Length of Service (as at 24 April 2018)

2 year 5 months

Education

- PhD (Mechanical Engineering) University of Michigan, USA (1978)
- MBA, the University of Leeds, England (1984)
- Master of Mechanical engineering, Chulalongkorn University (1973)
- Bachelor of Mechanical engineering (Honors), Chulalongkorn University (1971)

Training

- Certificate in Business Administration, England
- Certificate Course in Top Executive Program in Bhumipalung Phandin, Chulalongkorn University, Class 1
- Certificate Course in Top Executive Program in Energy Literacy for the world, Thailand Energy Academy, Class 2
- Certificate Course in Top Executive Program in Commerce and Trade (TEPCoT), Class 5
- Advanced Security Management Program (ASMP), Class 2
- Capital Market Academy, Class 7
- Thai Institute of Directors (IOD)
 - Directors Certification Program (DCP) Class 54/2006
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives, King Prajadhipok's Institute, Class 5
- Graduate Degree Course in The State, Private Sector and Political Sectors, Class 1, National Defense College (NDC.2546)
- Certificate Course in Good Governance for Medical Executives, King Prajadhipok's Institute and the Medical Council of Thailand, Class 4

Present Position

- Directorship(s) in Listed Company(ies)
 - 2015 – Present Advisor to the Board of Director of Supalai Public Company Limited
- Directorship(s) in Other Company(ies)
 - 2013 – Present Chairman of Executive Committee, Member of Board of Trustees, Asian Institute of Technology (AIT)

Former Last 5 Years

- Directorship(s) in Other Company(ies)
 - 2012 – 2015 Executive Director of National Research Council of Thailand (NRCT)

Percentage of the Company's Shareholding (Ordinary Shares) (as of 31 December 2017)

- Held personally -None-
- Held by spouse or minor children -None-

Family Relationship Among Directors and Executives

-None-

Illegal Record in the Last 10 Years

-None-

Number of Meetings Attended / Total

- The Board of Directors 12/12



Mrs.Varunee Lapitananuvat

Age 56 years

Company Secretary, Deputy Managing Director

Education

- M.B.A (Finance), National Institute of Development Administration
- B.Acc. (Accounting) Chiang Mai University
- Certified Public Accountant (Thailand)
- Advanced Certificate Course in Public Economic Management for Executive class 10, King Prajadhipok's Institute
- Advanced Certificate Course in Accounting and Taxation, University of the Thai Chamber of Commerce

Training

- Thai Institute of Directors
 - Course Seminar : R-CS : Equipping Your Board for AGM Class 1/2013
 - Course Seminar : C-Seminar: Anti Corruption Seminar Class 3/2012
 - EMT : Effective Minute Taking Class 16/2010
 - BRP : Board Reporting Program Class 3/2010

Present Position

- Directorship(s) in Listed Company(ies)
 - 2002 - Present Deputy Managing Director of Supalai Public Company Limited



Former Last 5 Years

-None-

Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2017)

- Held personally -None-
- Held by spouse or minor children -None-

Family Relationship Among Directors and Executives

-None-

Illegal Record in the Last 10 Years

-None-

Board of Directors' Meeting and Additional Training Courses or Relevant Seminars Attended by Directors

In 2017, the Company had organized 12 meetings of the Board of Directors, whereby all 12 Directors and Board of advisor attending the meetings. Supalai places high emphasis on training and education to enhance capacities of board members (as stated in each curricular vitae), for example, the Company facilitated and sent their executive board members to train at the Thai Institute of Directors (IOD) and other institutes' relevant courses all year long; The meeting attendance can be summarized as follows:

Name of Directors		Appointment Date	Board Meeting Attendance in 2017	Attending Training Course of Thai Institute of Directors ¹
1.	Dr.Prateep Tangmatitham	26/06/1989	12/12	DCP, RCP, M-DLB
2.	Mrs.Ajchara Tangmatitham	26/06/1989	11/12	DCP, CSP
3.	Mr.Tritecha Tangmatitham	21/04/2009	12/12	DCP
4.	Mr.Prakit Pradipasen	25/04/2001	12/12	DAP, RCP,R-CAC
5.	Assoc.Prof.Dr.Virach Aphimeteetamrong	05/10/1992	12/12	DAP, ACEP, R-CF, CGI, R-CF, ACEP, M-DLB, M-ACM
6.	Assoc.Prof.Dr.Somjai Phagaphasvivat	13/10/2015	12/12	DAP
7.	Mr.Anant Gatepithaya	22/01/2001	12/12	DCP, ACP, DAP, QFR, HRP, RMP, R-Forum, DTT, AGM, SE2, SE3, DBT, AACP, RCL, M-DLB, R-DF, M-AGM, NDC, M-DBT, R-ACF
8.	Assist.Prof.Aswin Bijayayodhin	10/05/2011	12/12	DAP , ACP, FSD, AACP, SFE
9.	Mr.Atip Bijanonda	02/03/1992	12/12	DCP , DAP, RCL, HRP, ACPG
10.	Mr.Prasas Tangmatitam	25/4/2001	12/12	DCP, DCP Diploma , SFE, SE2, DBT
11.	Mr.Krid Chancharoensuk	22/04/2014	12/12	DCP,RCL

Note¹

AACP	: Advanced Audit Committee Program	NDC	: National Director Conference
ACEP	: Anti-Corruption for Executive Program	QFR	: Improving the Quality of Financial Reporting
ACP	: Audit Committee Program	RCL	: Risk Management Program for Corporate Leaders
ACPG	: Anti-Corruption the Practical Guide	RCP	: Role of Chairman Program
AGM	: "Integrity Pact: Transparency Tool for Preventing Corruption"	RMP	: Risk Management Committee Program
CGI	: Corporate Governance for Capital Market Intermediaries	R-ACF	: Audit Committee Forum
CSP	: Company Secretary Program	R-CAC	: Thailand's 4 th National Conference on Collective Action Against Corruption
DAP	: Director Accreditation Program	R-CF	: Meeting the AEC Challenge – Role of the Chairman
DCP	: Directors Certification Program	R-DF	: Director Forum 2017
DCP Diploma	: Directors Certification Program Diploma	R-Forum	: Director Nomination Issues and Trend
DTT	: Personal Financial Planning Workshop for Directors	R-CS	: Equipping Your Board for AGM Compensation Survey Report 2014
FSD	: Financial Statements for Directors	SE2	: Risk Resilience – How the company's directors should deal with the issues of Enterprise Risk Management?
HRP	: How to Develop a Risk Management Plan	SE3	: CNBC Summit : Myanmar
M-DLB	: Director Lunch on Briefing	SFE	: Successful Formulation & Execution the Strategy
M-AGM	: Annual General Meeting		
M-DBT	: Director Breakfast Talk " Cybersecurity: Risks, Liabilities, and Best Practices"		

In 2017, Directors attended training courses as follows:

Name of Directors		Attending Training Course
Assist.Prof.Aswin	Bijayayodhin	<ul style="list-style-type: none"> SFE : Successful Formulation & Execution of Strategy Class 29/2017
Mr.Atip	Bijanonda	<ul style="list-style-type: none"> RCL : Risk Management Program for Corporate Leaders Class 6/2017 HRP : How to Develop a Risk Management Plan Class 12/2017 ACPG : Anti-Corruption the Practical Guide Class 37/2017
Mr.Anant	Gatepithaya	<ul style="list-style-type: none"> Course Seminar : R-DF : Director Forum 2017 “The Board's Role in CEO Succession Planning” Class 1/2017 Course Seminar : M-AGM : AGM 2017 & Dinner Talk “Board of directors and their roles in driving Thailand forward” Class 1/2017 Course Seminar : NDC : National Director Conference 2017 Class 1/2017 Course Seminar : R-ACF : Audit Committee Forum “The Audit Committee’s Role in Compliance and Ethical Culture Oversight” Class 1/2017 Course Seminar : M-DLB : IOD Director’s Briefing 2/2017 : Directing in the Year of the Rooster: Hot Issues and Outlook for 2017 Class 2/2017 Course Seminar : M-DBT : IOD Breakfast Talk 2/2017 “Cybersecurity: Risks, Liabilities, and Best Practices” Class 2/2017

Remuneration for Directors and Executives

1. Remuneration for Board of Directors

The Company has the policy on criteria for proposing to shareholders to consider remuneration of directors, which shall be considered and scrutinized by the Nomination and Compensation Committee, which shall then propose to the Board of Directors to further propose for approval by the meeting of shareholders.

2. Remuneration Policy for Directors

The Company has the criteria for providing remuneration to the Board of Directors and Sub Committees clearly and transparent, which shall be considered the same industrial sector and business expansion. It’s believed that such remuneration could attract, retain and motivate the directors to perform their roles and carry out their responsibilities to accomplish the Company’s goals efficiently.

In 2017, The Annual General Meeting on 21 April 2017, resolved that approve the Remuneration for Board of Directors, as detail below.

Remuneration for the Board of Directors

1. Remuneration/month Chairman, Director 40,000 baht/person/month
2. Special Remuneration/year Chairman, Director 700,000 baht/person/year

Remuneration for the Audit Committee

1. Chairman 30,000 baht/person/month
2. Director 25,000 baht/person/month

Remuneration of sub - committee : Meeting allowance will be paid only once at the meeting (Sub-committees comprise of the Nomination and Compensation Committee, the Corporate Governance Committee, the Risk Management Committee and the other sub-committee appointed by the committee.)

Remuneration for the Sub - committees (not include Executive Director)

1. Chairman 25,000 baht/person/meeting
2. Director 20,000 baht/person/month/meeting

3. Remuneration for Board of Directors

3.1 Individual Financial Remuneration for Board of Director and Sub-committee Members;

(unit : Thousand baht)

Name of Directors		Remuneration in from Cash in 2017						
		Monthly Allowance					Special Remuneration	Total Remuneration per Executive Board Member
		Director of the Board	Director of the Audit Committee	Director of the Corporate Governance Committee	Director of the Nomination and Compensation Committee	Director of the Risk Management Committee		
1. Dr.Prateep	Tangmatitham	440	-	-	-	-	700	1,140
Chairman of the Board, Chief Executive Officer								
2. Mrs.Ajchara	Tangmatitham	440	-	-	-	-	700	1,140
Director of the Board, Executive Vice President, Director of the Nomination and Compensation Committee								
3. Mr.Tritecha	Tangmatitham	440	-	-	-	-	700	1,140
Managing Director, Director of the Board, Director of the Corporate Governance Committee, Director of the Risk Management Committee								

(unit : Thousand baht)

Name of Directors		Remuneration in from Cash in 2017						
		Monthly Allowance					Special Remuneration	Total Remuneration per Executive Board Member
		Director of the Board	Director of the Audit Committee	Director of the Corporate Governance Committee	Director of the Nomination and Compensation Committee	Director of the Risk Management Committee		
4. Mr.Prakit Pradipasen		440	340	-	50	-	700	1,530
Independent Director, Chairman of the Audit Committee, Chairman of the Nomination and Compensation Committee								
5. Assoc.Prof.Dr.Virach Aphimeteetamrong		440	-	-	40	-	700	1,180
Independent Director, Director of the Nomination and Compensation Committee								
6. Assoc.Prof.Dr.Somjai Phagaphasvivat		440	-	25	-	-	700	1,165
Independent Director, Chairman of the Corporate Governance Committee								
7. Mr.Anant Gatepithaya		440	280	-	-	25	700	1,445
Independent Director, Director of the Audit Committee, Chairman of the Risk Management Committee								
8. Assist.Prof.Aswin Bijayayodhin		440	280	-	-	-	700	1,420
Independent Director, Director of the Audit Committee								
9. Mr.Atip Bijanonda		440	-	20	-	20	700	1,180
Director of the Board, Director of the Corporate Governance Committee, Director of the Risk Management Committee								
10. Mr.Prasas Tangmatitam		440	-	20	-	-	700	1,160
Director of the Board, Director of the Corporate Governance Committee								
11. Mr. Krid Chancharoensuk		440	-	-	-	-	700	1,140
Director of the Board, Director of the Risk Management Committee								
Total		4,840	900	65	90	45	7,700	13,640

3.2 Financial Remuneration for Executive Board Members of fiscal year 2014-2017

(unit : Thousand baht)

Detail	2014		2015		2016		2017	
	Persons	Amount	Persons	Amount	Persons	Amount	Persons	Amount
1. Remuneration/month	11	4,480	12	4,810	11	4,940	11	5,940
2. Special Remuneration/year	11	5,000	11	7,700	11	6,100	11	7,700
Total		9,480		12,510		11,040		13,640

3.3 Financial Remuneration for Board of Directors holding Position of Director in its subsidiary

(unit : Thousand baht)

Remuneration	Amount in 2017
	3 Board of Directors
Salary and Special Remuneration	16,004

Remark *Dr.Prateep Tangmatitham, Mrs.Ajchara Tangmatitham and Mr.Tritecha Tangmatitham receive remuneration from Haadyai Nakarin Company Limited and Supalai Northeast Company Limited.

3.4 In-kind Remuneration and Other Benefits of Board Members

The Company have a policy to give discounts to Board members for purchasing of house with land or condominium built for external parties. The in-kind benefits also include directors and officers liability insurance.

4. Remuneration for Executives

4.1 Financial Compensation for Executives

The Company has the policy to provide remuneration to the executives, whereby the Nomination and Compensation Committee is required to appraise the performance of Executives Management, determine Key Performance Indicators (KPIs) and the remuneration in the form of cash to be in accordance with the operational results of the Company, and consider and scrutinize the rates of remuneration for Executives Management, namely, the Chief Executive Officer, Executive Vice President, Managing Director, Deputy Managing Director, Senior Assistant Managing Director and Chief Financial Officer in order to be considered and approved by the Board of Directors every year. In 2017, the Company has 6 Executives in the first four top-ranking executives.

(Unit :Thousand Baht)

Remuneration	2017
	First four top-ranking executive : Total 6 Persons
Total of salary and remuneration	137,279
Provident Fund	4,832
Total	142,111

There is no member of the Board of Directors and the Executive subject to a court judgment for committing criminal act or being under the process of legal action, criminal case, being adjudged to be bankrupt or placed under receivership.

4.2 Other in-Kind Non-Financial Compensation and Benefits:

- To promote family institution, every five years the member shall be entitled to have discount for purchasing of house with land or condominium unit of the Company developed for external parties.
- Annual medical check-up.

5. Number of Employees

5.1 Number of Employees and Remuneration of Employees

The Company divided its operations into 2 lines, namely, the main line comprising construction' sales and supporting line such as accounting and finance department, human resource department, legal department, etc. There are details on the number of employees and remuneration in 2017 as follows:

	Number of Employees	Remuneration* (Thousand Baht)		
		Salary and Bonus	Provident Fund	Total
Main Staff	792	439,210	9,719	448,929
Supporting Staff	351	221,229	6,255	227,484
Total	1,143	660,439	15,974	676,413

Remark *Collective remuneration means salary, overtime pay, special payment, commission, provident fund contribution (Except 6 Executives in the first 4 respective order, total 6 Persens)

5.2 Provident Fund

In accordance with the Provident Fund Act, Supalai has established a provident fund and contributed worth 3-10 % of employee's salary to the fund. Based on his or her employment duration, the employee can choose to contribute to the fund at the minimum rate of 3 % to maximum rate of 10 % of salary.

Employment (starting of the 1 st year of service)	Contribution of Employee	Contribution of Employer
> 5 years	3%	3%
5 years > 10 years	4%	4%
10 years > 15 years	6%	6%
15 years > 20 years	8%	8%
20 years and over	10%	10%

Due to a quantum leap in the Company's growth, its personnel, both executives and operators, have increased rapidly. Accordingly, to enable its personnel to properly adjust themselves to the management philosophy, organization culture, values and good corporate governance motto as well as to give them motivation and incentive to work, the Company's strategy places emphasis on Employee Career Development Planning by applying Competency to establish relationship of levels of skills, knowledge, abilities as well as work-related behaviors. The Company also applies Key Performance Indicators (KPIs), and places emphasis on raising awareness of the Executives regarding their key roles as Human Resource Manager. Every employee is also given the right to be shareholder and to take part in the Company's growth as one of the Company's owners.

Internal Control and Risk Management

Supalai Public Company Limited has established suitable and efficient internal control and internal audit systems by adopting internal control measures as well as overseeing the compliance with measures against corruption and risk assessment, while providing advice and reporting on audit result according to the counter-corruption measures to the Board of Directors of the Company on a regular basis. In addition, the Company has been audited to ensure compliance with the Securities and Exchange law, the regulations of the Stock Exchange of Thailand and business relating laws. The audit has been done to ensure that there is correct financial report with sufficient disclosure.

Internal Control

The Company requires that there be audits and reports on the internal control system by the Internal Audit unit established independently, to review the effectiveness and audit reports of the internal control system of the Company to the Audit Committee and the Board. The Company has prepared work manual and regulations in which the authorities and duties are clearly defined, and have been communicated to employees. The policies and personnel management procedures regarding internal control of the Company have also been adopted. Controlling activities for internal control, which comprise both financial and non-financial audits, protection of high risk assets and controls of information system as well as monitoring and evaluation during work performance and continual evaluation on a case-by-case basis, have been established to ensure that the internal control system is sufficient, suitable, efficient, and can be practically implemented. Moreover, the internal control system of the Company conforms with the internal control guidelines as advocated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Board of Directors had assigned the Audit Committee to assess the sufficiency of the Company's internal control annually in various aspects according to 5 elements, namely, control environmental, risk assessment, control activities, information and communication, and monitoring by using the internal control self-assessment form provided by of the Securities and Exchange Commission of Thailand (SEC) and the Stock Exchange of Thailand (SET). In addition various issues were discussed according to the sufficiency assessment form of the internal control system as well as the report of the Audit Committee.

In 2017, the Audit Committee's opinion was that the Company has sufficient and proper control system as presented in the report of the Audit Committee. Besides, The Company's auditor, EY Office Limited, which had assessed the Company's internal control system effectiveness, reported that there was no any observation and defects which would have any significant impact on the Company's financial statements.

The Board of Directors's Meeting No. 12/2017 held on 12 December 2017, subsequently resolved that the Company has sufficient internal control and monitoring system as it has sufficient and concise internal



control system regarding transactions with major shareholders, directors, executives and persons who may have conflict of interest. The Board of Directors attaches importance to internal control system of every process. The Company has provided sufficient number of personnel to implement the system effectively. The organization structure is appropriately designed with high flexibility and efficient collaboration. There is division of duties in various departments and work positions, along with decentralization, emphasis on conflict of Interest and anti-corruption program. All these tasks have been empowered property to the authority of executives and operators, with the check and balance in place to protect shareholders' capitals and Company's assets. The Company also has sufficient control system for monitoring the operations of its subsidiaries in order to protect the assets from unduly or unauthorized use by the directors or executives, and from conducting transactions with persons with conflict of interest or related persons. In additional, Whistle Blower channels are provided via email : anti-corruption@supalai.com and complaints channels for goods and services via 1720 call center and respectively. There is also internal control system covering financial reporting, operations, assets maintenance, compliance with laws, relevant regulations. For monitoring, the Board of Directors assigns the Audit Committee to review the internal control assessment result by focusing on the efficiency, effectiveness, adequacy and suitability of business operations to ensure that all assets are maintained and resources used efficiently to prevent possible damage or dishonesty.

The Company's Board of Directors prescribed the establishment of the Internal Audit Unit. At Present had appointed Miss Toopthong Hiranyanurak to be the internal auditor in the position of head of the Internal Audit Unit. As she has the qualification and experience in internal audit and citing her in-depth expertise and understanding of Company's business. As a result, she is considered to be suitable to perform the duty.

The consideration of appointment, removal and performance assessment of the chief of internal audit of the Company must be approved by the Audit Committee.

Risk Management

The Board of Directors has nominated the Risk Management Committee responsible for formulating the risk management policy and overseeing organizational risk management.

The guidelines for the risk management policy of the Company are as the following:

1. To set the same standard of the risk management process.
2. To implement integrated risk management systematically and continuously in harmonization with the KPI (KPI : Key Performance Indicators) and strategic plan.
3. To encourage and develop all levels of staff to gain knowledge and understanding, and participate in the process so as to realize its importance of risk management.
4. To focus on proactively on risk management.
5. To set up the internal control system, with a coverage of all aspects including, strategic, operational, financial, legal and regulatory, anti-corruption, market risk, information technology, social network, social and environmental and consumer protection, in order for the Company to have a proper and efficient internal control system.
6. All employees are responsible for identifying risks, assessing risks by considering the potential risks and impacts of such risks, and propose ways or means to amend the risk under their responsibility. They shall also comply with the risk management plan to ensure that the risk is at acceptable level and immediately report on results of the risk management plan implementation according to the risk management process undertaken by the Company.



7. Identify and manage risks that affect the Company's plan, direction and strategy systematically to ensure that the risk is at acceptable level; whereby, if the risk is high or very high, the risk management plan, and acceptable risk levels must be reported to the Risk Management Committee and the Risk Management Sub-Committee to be approved before implementation.
8. Acceptable risk level must be approved by the Risk Management Sub-Committee before implementation.
9. When employees see or acknowledge the risks that may have impact on the Company, the subordinated risk must be reported to the management of the Company, and the Risk Management Committee acknowledges the risks in order to further manage the risks or report to risk@supalai.com
10. Provide a follow-up, assessment, and prepare a report on the risk management results to be submitted to the Risk Management Sub-Committee, the Risk Management Committee and the Company's Board of Directors to further provide approval or recommendations and to acknowledge, review, improve and report on potential new risks to minimize the impact on the Company's achievement of its objectives.

For awareness and understanding of risk management, The Company has communicated the risk management policy to the executives and the employees via emails, intranet and website of the Company.

In 2017, the Company has undertaken the risk management as follows:

- Holding 4 meetings of the Risk Management Sub-Committee and 1 meeting of the Risk Management Committee.
- Reviewing the policy on risk management and the requirements of the Risk Management Committee.
- Establishing Risk Map of the organization.
- Establishing criteria of likelihood and impact to assess the organization's risk to be at an acceptable level.
- Reviewing the risk management manual to be guidelines for employees regarding risk management in the organization.
- Providing “Ya tuen” communication to create knowledge and understanding about risk management.
- Providing training courses on Risk Management Guidelines for new employees, and the Enterprise Risk Management course for supervisors.
- Providing online test on risk management knowledge for employees in the Company and its subsidiaries to create knowledge and understanding on risk management.
- Providing a communication channel on extensive risk management to be accessible for everyone in the Company by using Google Site System (Intranet) and arranging for Line Group of risk management team.

Risk Factors and Risk Management

Risk factors which may arise and affect future operations of the Company are as follows:

1. Strategic Risk

1.1 Risk from Increasing Competition

The Thai economy in 2017 is likely to grow gradually due to the recovery of the global economy. It may not grow much. However, in particular, exports grew more than expected in Q3 / 2017 when the government has launched stimulating measures by investing in infrastructure. As a result, the overall real estate market continued to grow as well because of the distribution of real estate along the line of electrical trains in both the extension projects and new projects approved by the government or projects to be approved during the year. Also, the private sector's spending, which will again become supporting power to generate liquidity for the economy, resulting in the improvement of household spending. In addition, the opening of the AEC allowed foreigners to buy residential property and invest more, while the government has also accelerated investment from foreign countries and the private sector in the special Eastern Economic Corridor (EEC) projects, resulting in the consumers' confidence and belief that the market is still growing with many supporting factors.

With the situation mentioned above, the real estate market is also a competitive arena for major operators, be it the existing operators, the joint venture of the existing operators looking for business partners to strengthen competitiveness including large group of companies from other businesses and each of them expands new business models to create growth in the midst of higher competition. The real estate market has grown, but still not much as there are no measures of the government to stimulate real estate business by reducing the transfer fees as in the previous year. Therefore, there has been adjusting of marketing strategies to boost sales, such as online marketing, direct marketing and marketing to attract foreign customers in projects in economic zones or major tourist cities such as Chiang Mai, Phuket, Pattaya.

Nevertheless, due to being a major operator with more than 28 years of experiences, the Company has been at the advantage because of its reputation in operating business that based on honesty, fairness and sincerity with the consumers. Specifically, it attaches importance to the management to reduce such risks, that is, in 2017, the Company has developed residential models with innovative housing that is convenient to the lifestyle with an affordable price. In addition, prior to investing in the project, the Company has conducted a feasibility study for each project and consumer behavior by choosing a convenient location, near the Mass Transit System that is spreading across all directions of Bangkok, its vicinities and major provinces that can meet the need of a wide range of customers by taking into consideration the potential of each province as a whole (Macro), such as the amount of income, the number of the population, taxation, the number

of cars, deposits, universities, modern trade centers. In addition, the Company has an outstanding point in having energy-saving houses with the management of its operations under the ISO 9001 standard system with a quality inspection process up to the delivery of products to customers. The service is provided to customers by placing emphasis on customers' satisfaction. As a result, the Company has a competitive advantage in terms of reliability and quality of products and services. Therefore, the Company can reduce the risk from competition.

1.2 Risk from Granting Housing Credits by Commercial Banks

Currently, local commercial banks have tightened lending to consumers who buy houses due to increasing household debt especially in the middle and lower market. The commercial banks have a higher risk that debtors will not repay debt, which will have impact on the sale of the Company's projects even with reservations that reach the targets but there are high risks that customers cannot receive transfer of ownership. This will have impact on the recognition of income of the Company because the denial rate of housing credit of the banking system in 2017 has been as high as 50% for residential units priced at less than 2 million baht. To mitigate such risk, the Company will assess the initial qualifications and loan repayment capability of customers who will apply for a loan from financial institution at the time of purchase at the project up to the application for credits from financial institutions. In addition, for high rise projects, customers will be required to pay the down payment of 15-20% of the selling price, depending on the size of the project. Another 80-85% will be applied for a loan from the bank by the customer on the ownership transfer date. This will reduce the risk of loan provision, as a result, the denial rate of credit for the Company's projects is only 8.7%.



Also, the Company has adjusted its work process by sending customers to every commercial bank to determine the qualifications of each customer if they are suitable for any commercial bank as each commercial bank has different conditions for providing loans to each group of customers. This approach will result in the commercial banks being able to screen customers to meet the needs of the commercial banks themselves and will help reduce the risk of bank refusal.

In addition, the Company has been continuously monitoring economic condition and policies of commercial banks that may have impact on the Company's business operations in order to adjust our business strategy, while consulting and creating partnership with commercial banks to facilitate customers to acquire loans and arrange for measures to support the customers to receive loans rapidly, which can also help reduce risk as well.

1.3 Risk due to Shortage of Labour

The overall shortage of labor in the construction industry remains an important risk in 2017, due to the economic conditions of which the growth has been on the rise since the previous year. The existing and new real estate operators urgently start to open the projects in both the horizontal and condominiums. In addition, the Government has mega utility projects as well as the electric train project, high-speed rail having received some government funding, of which some parts have been under construction already and constantly causing a lot of labor demand. This might cause insufficient labor problems to the point that both the private sector and the government might have to compete for labor force.

More than 80% of the workers in the construction of real estate industry are foreign workers, and the Government has issued the Royal Decree on the Administration of Alien Work, B.E 2560 (2017), and although on June 30, 2017, the Government issued an order under Section 44 to delay or postpone the enforcement of certain severe penalties until December 2017, so as to help the operators and related parties not to face with difficulties. However, the Company would certainly be affected although the Company has the contractors provide labor to work in the development projects of the Company as foreign workers are the main labor force in its projects. If there is a shortage of labor or a competition for labor, the development of the Company's projects may be delayed. This would certainly affect the sales and revenue of the Company. However, while still in the government's grace period under Section 44, the Company's contractors could, therefore, have time to address such risks by bringing foreign workers to register legally. Besides, the Company also encourages contractors to hire legal foreign workers, which will help solve the problem of migrant workers illegally entering the country.

1.4 Risks from the development of human resources to support business competitiveness

From the vision of the Company to be a leader in innovation and added value, with a focus on sustainable growth, the Company has continued to develop its real estate projects and has expanded its

investment abroad. In order to have efficient business operations, the Company has attached importance to the development of its employees by adopting plans and organizing trainings of all major and business-related courses for employees. The Company has the process of recruiting high potential employees to ensure that it has quality executives and employees sufficient to expand its business. In addition, the Company has implemented key performance indicators (KPIs) to manage performance from the management level to the employees operating at various levels to ensure that the work is consistent and in line with the Company's goals. Furthermore, the Company has organized training to create career path through Real Estate Management project for middle and senior managers to be developed to senior positions by inviting qualified and experienced speakers to provide various fields of knowledge and exchange ideas. Supervisors in the trainings must prepare report to the management on the search for innovation to be applied for improvement, correction, initiation and to develop goods and services of the Company to have better quality. In addition, the Company organized the Innovation Awards 2017 project to provide employees with the opportunity to present their innovation to create value for the Company.

2. Risks in business operations

2.1 Risks from Pre-Built Houses

To build houses ready for sale is part of the policy of the Company applied in its business operation to ensure confidence of customers that they can receive ownership transfer and move into the house once they decide to buy, which is in line with market conditions for small housing loans while competitive financial institutions are offering high amount of credit for home ready for sale. However, such operations consist of risks as high amount of capital is required, and there is a risk if the situation changes or the customer is not satisfied with the pre-built house and decide not to buy the house in the Company's projects.

Nevertheless, the Company has managed the risk from having pre-built houses for selling by dividing the project construction into phases, while also adjusted its strategy and sales promotion to boost its sales through continuous marketing and sales promotion activities. It has also closely assessed the sales situation and the customers' ability to buy by conducting a study of consumers' behavior so that the house can be built to meet the needs of clients in each project and controlled the cost and inventory, which is another factor to reduce risk. Moreover, with 28 years of experience, the Company has the advantage in terms of marketing information and understanding of the needs of target customers, and can, therefore, design houses both single detached houses, duplex houses and townhomes that meet the needs of customers. As a result, the Company's projects are well accepted by the target customers both in terms of quality, location and price. Although there are currently risk factors for buying houses by consumers, but the target group of customers of the Company still need to buy quality housing continuously because consumers expect to receive good after-sales services as well as strict quality control before delivering the house, which can help reduce such risk as well.

2.2 Risk from Delay and Quality of Construction Work

For real estate development projects, the Company has outsourced contractors to perform construction for both horizontal and condominium projects resulting in the Company's exposure to the risk of contractors' delays in the delivery according to the schedule, or the construction quality is not up to the standards if the hired contractors do not have sufficient expertise or a lack of personnel and liquidity. To reduce such risks, the Company has set out the management guidelines as follows:

- 1) **Selecting qualified contractors and suppliers of materials with experience and quality** in the amount sufficient for the planned construction, and not to be concentrated on any one of them. In horizontal construction projects, no contractor will receive more than 10% of the construction work value each year. Most contractors have been working with the Company for more than 3 years so they have skill on the construction designs and the system of the Company sufficient enough to build quality work in a timely manner. In case of condominiums, large-scale experienced contractors shall be chosen and each type of employment shall be divided according to their expertise. No single contractor shall be hired for all types of construction of the projects, and construction methods have been improved and corrected. Also, the information shall be updated to be suitable for the current construction situation for all completed projects.
- 2) **Coordinating with the manufacturers to designate the shops for the contractors to place their orders and at a set price** to control the price and material standards so as to ensure convenience and flexibility for contractors. A better division of work has been established to provide more liquidity for the contractors. The Company also supplies some materials to reduce the financial burden on contractors.
- 3) **Developing construction work** by being associated with construction contractors and manufacturers develop construction work and construction materials to have better quality in shorter period of time by applying appropriate technologies having already studies examined before applying by examining and selecting contractors or manufacturers with extensive expertise, while conducting studies to find out methods and be prepared to build houses by applying Prefabrication Technology in the construction so as to use less labor in order to reduce risks regarding labor shortage in construction industry.

In addition, the Company has adequate experts and management teams to supervise the construction to be in line with the standards. The Company also has training plans for operation personnel, supervisors and construction contractors in order to develop construction processes to be efficient with better quality and mutual understanding regarding the inspection of work so as to ensure that the quality is in line with the established standards. This is to reduce the risk of being delay in work delivery.

- 4) Reviewing the construction contracting price to be in line with the market condition in order for the contractors to work uninterrupted. The Company has also organized 2 major meetings per year to brain-storming and listen to problems, comments and ideas as well as preventive and corrective measures regarding construction work so as to create satisfaction to contractors.

2.3 Risks of purchasing land for development

1) Risks due to relevant laws and regulations on land purchase

To prevent any risk of any law or regulation relating to the land which are obstacles for development of the Company's projects, there has been a control on legal risk by carefully reviewing existing legal provisions relating to the development of projects including those to be announced in the near future, such as the provisions on city planning, buildings, land allocation and sub-provisions of each locality, which will have effect on the development of the projects. This includes any ownership and encumbrance verification as well as the transfer of rights to land in a complete manner. In addition, the Company shall conduct a survey of the land and surrounding areas to determine whether any part of the land is affected by any laws or regulations before conducting designing experiment and laying out preliminary project by taking into account the factors regarding the land whether the survey results meet the needs of the Company so as to be taken into consideration to further prepare the agreement to purchase land.

2) Risks in purchasing land for business purposes

To purchase land in order for the Company to develop the projects and sell the projects on such purchased land to receive returns according to the set target within the specified time line or not, the Company has controlled the risk starting from the selection of location in order to maintain the existing group of customers and expand to potential locations. With the analysis of market demand of each locality and the economic condition, and continuously adjust the marketing information of real estate business and changes of land price in various locations, the Company could accordingly adjust its guidelines for purchasing land in good locations with appropriate sizes to develop the project to accurately meet the need of the market and the economic condition of each period. Due to the consideration of the above-mentioned factors, the Company could reduce business risk in purchasing land considerably.

3) Risk from wrong decision to purchase land

In purchasing land, the Company may be exposed to the risk of making mistake in purchasing land, such as purchasing landlocked property, insufficient land for permission to develop real estate projects, land in which the community may be affected during the construction, etc, which may have impact on the development of the Company's projects. To prevent such risk, the Company

has arranged for a physical survey unit with knowledge and a lot of experiences to survey or inspect all plots of land before purchasing and hire independent appraisers as outsource to conduct the survey and appraise the price as well as hiring personnel to measure and inspect the land boundary and the level of soil along with other matters in a concise and careful manner as well as using GIS (Geographic Information System), a spatial information system software, resulting in making purchasing land easier. In case of doubts or questions regarding the width of the pathway or whether it is public pathway or the issues regarding rules and regulations of the government, there is the agency that coordinates to request for confirmation from government agencies, which includes color schemes, appropriated lines, links of pathways and all other relevant issues to reduce the risk that may occur.

2.4 Risk from Increasing Cost of Construction Materials

Construction material is a major construction cost. In 2017, the price of building materials and oil prices have slightly decreased due to the demand and supply as well as the world economic condition. This has resulted in the Company's lower production and transportation costs. Nevertheless, the Company has managed the cost of the construction from the designing stage up to the entering into contracts with the contractors regarding the labor cost and the cost of construction materials, whereby the Company has maintained the material price at the level that it can control the cost, while monitoring the movement of prices and estimating the prices in advance. In a necessary case, advance purchasing order has to be made in a big lot so as to be able to negotiate the prices and control the cost of the construction work as well as managing and controlling the specified quality and standards of the houses. Furthermore, the Company has conducted studies on choices of alternative materials of each type to be suitable for certain circumstances. In addition, the Company shall jointly with the contractors and manufacturers develop and improve production methods, transport construction materials, develop innovation relating to construction for effectiveness in terms of capital cost, logistics and reduction of fluctuation of prices or shortage of materials.

3. Liquidity risk

Liquidity risk is a major risk that can have impact on the Company if it has insufficient capital to fund its operations, or the cost of financing is higher than normal between assets and liabilities, or the outflow of funds exceeds the expectations and capital prepared for the business. The above reasons, coupled with minimal growth of real estate market in Thailand in 2017 with more negative factors than positive factors as well as the global economic impact and commercial banks' restriction in providing credits, would result in the Company's need to manage its liquidity effectively so as to help keep the business going.

Even though there has been no liquidity problem as there are a number of projects with revenues recognized continuously, the Company has been prepared to prevent liquidity risk by adopting guidelines

and developing liquidity strategies consistent with the Company's objectives. It also sets the appropriate timeframe for risk prevention and correction as well as preparation of project finance for all projects including the preparation of cash flow projections. The Company has set out a careful spending plan so as to maintain its liquidity by investing in residential projects, such as purchasing of land and launching of additional construction projects that are suitable with the business environment, maintaining of debt to capital ratio by maintaining the proportion of debentures and project loans to be suitable to the situation. The Company has also repaid debts and adopts the policy to manage cash and cash equivalents in accordance with business operating conditions.

4. Risks from the change of rules, regulations or laws relating to real estate business

The business of the Company involves with many laws, and each law has its own complicated requirements and subject to change all the time. Accordingly, the Company must carefully consider the implementation of the laws in a complete manner. If it has not followed the laws, or not fully implemented the laws, the Company might be at risk, such as the risk of limitation on use of space for the construction of certain types of buildings, limitation on height zones, limitation on retreat of the buildings including disputes on land boundary with neighboring landowners as well as complaints during construction, or the expropriation of land for the construction of public utilities by the authority, or problems arising from the amendment of laws, notifications and requirements effective during the time the Company has already held ownership of land and under the process of applying for permission from relevant authorities. Nevertheless, before starting to develop real estate projects, the Company would avoid such risk by checking the limitation in terms of laws and requirements of relevant agencies. In so doing, a unit has been established to be responsible for monitoring and checking the operations to match up with the changes of laws at all times. Besides, databases on laws and regulations are established and updated to cover all aspects of the Company's operations. In addition, for the construction of high-rise projects, the Company must prepare the environmental impact assessment (EIA) to be submitted for approval from the Environmental Impact Evaluation Bureau, Ministry of Natural Resources and Environment pursuant to the Act on the Promotion and Conservation of Environmental Quality B.E 2535 (1992). The Company recognizes the importance of observing the conditions specified in the report on the analysis of environmental impacts in all respects. This is to reduce the risk of environmental impacts so it can continue to operate its business on a sustainable basis.

5. Risk from dishonest acts and corruption

There are risks of dishonest acts and corruption in the business operation of the Company because its real estate development consists of large scale projects that require a lot of high amounts of investment

with the process that involved many units of the Company and the outsiders, be it the government agencies and the private sector. The Company, therefore, needs to have an appropriate internal control and internal audit systems as a tool to prevent corruption in the operations of every department and the operations of the external parties.

To reduce the risk of dishonest acts and corruption, the Company has set a policy against dishonest acts and corruption to be complied by the employees at all levels, and the Audit Committee is responsible for overseeing the implementation of anti-corruption measures to be in line with the adequacy of the internal control system of the Stock Exchange of Thailand, while there are annual risk assessments of dishonest acts and corruption and a creation of confidence for all employees to join forces against such acts. The public relations media and activities have been organized for employees regularly to encourage them to participate in the management of corporate corruption risk. It also includes the provision of channels to report on clues by employees, suppliers or stakeholders with the protection measures for the whistle blowers.

Furthermore, the Company has recognized that corruption is important national problem, and therefore expressed its intention to join the private sector in the fight against corruption (Collective Action Coalition) and signed to join the membership of the Anti-Corruption Cooperation Subcommittee of Thailand. It has also joined in the activities on the Anti-Corruption Co-operation Day every year.

6. Information Technology Risk

In the midst of intense competition in the property development business, the operators must try to increase the ability to compete by applying technology to develop innovations for the business so as to grow and to increase the sales. As a result, innovation in information technology has become a new strategic tool for business competition in the digital age. If the Company cannot adapt to the changes in the advancement of information technology in the digital age, it would be at risk in the competition.

The Company attaches great importance to information and communication systems, and encourages and supports ongoing system development in order for the information to be accurate and up to date by applying modern and effective information technology and data security, which include the collection, processing, storage and monitoring of information. This is to provide operational and critical information to be used by the directors, executives, employees, shareholders, customers or other stakeholders in a complete, sufficient and timely manner for making business decisions. The Company has set out policies on the security of information technology by installing a Firewall system for all projects to protect against the threat of external attacks, such as Hacker, Malware, which is currently spreading extensively. Also, G SUITE (Google Apps for Work), which has the ability to prevent external attacks such as spam mail and virus mail effectively, has been used in the organization. It also helps reduce the workload of the personnel responsible for maintaining

the existing email system. At present, the Company has introduced three-dimensional drafting technology making the construction easier with the relationship in terms of both the structure and system work.

7. Risk from Social Network

Online social network has played an increasingly important role in the lives of people today, it is used as a communication tool that is public for sharing information and for doing business. From the above characteristics, the businesses have currently used social network as another means to build long-term relationships with customers. The Company also uses social network as a channel to communicate with customers and to receive comments as well as to launch public relations to create awareness of the Company's products and services. It can also be used as a tool to create marketing campaigns that reach the target customers as desired. Due to the influence of online social network that has played a role in the business, in order to prevent potential risks, the Company has used social networks with social responsibility and according to strict legal requirements. It, therefore, has a unit that performs the duty of considering and checking the information to be accurate before communicating to customers so as to reduce the potential impact on the Company.

At the same time, the use of online social networks among employees within the Company may pose a risk to the Company coupled with the provisions of the Computer Crime Act B.E. 2560 (2017), which has more stringent content, the Company has, therefore, taken steps to reduce such risks by adopting policies to be strictly complied with by all employees and controlling the use of computer systems and internet connections. It also analyses and closely monitors the risks that come from social networks in a systematic manner by analyzing the problems and trying to find solutions to such problems in order to formulate strategies and methods to manage risk that might take place in the future. The problems and managing methods have been disseminated on the Intranet to communicate to all employees to be used as a guideline to prevent the risk that may occur. The Technology Day event has been organized to communicate to all employees the issues related to appropriate use of technology and social network under more strict laws.

8. Emerging Risk

The Company has reviewed the emerging risks, which may affect the business operations of the Company either directly or indirectly so as to be able to link to strategic decisions and to create added value of the Company. The important issues to be considered are, for instances, information technology risk, liquidity crisis and strict credit provision of financial institutions, political risks affecting government policies and new laws that may affect business operations.

To be prepared for any emergin risks, the Company has analyzed its environment and potentials or SWOT to assess the current situation of the Company and to set out the plan and be prepared to handle various

circumstances that are the causes of risk both from inside and outside the Company. Also, the analysis on competitors in the industry has been carried out so as to be prepared for the competition. Furthermore, it has collected information relating to emerging risks to be analyzed continuously in order to understand them and try to find prevention measures to limit possible impacts. The Company has also analyzed all important working processes to ensure that the emerging risks are properly handled. This includes raising awareness and educating the employees on risks in order to be able to consider various issues as follows:

- 1) Adaptation of process to upgrade the risk within the organization.
- 2) Defining risk indicators.
- 3) Designation of a risk management team that can interpret and manage risks.
- 4) Communicating information on risk to relevant parties.

9. Risk of Consumer Protection

Consumers are important factor for sustainable growth of business. The risk of consumer protection is one of the important risks that the Company must manage to be at an acceptable level. The major consumer protection risks of the Company are from consumer complaints regarding the quality of its products and services as well as the legal contracts between the Company and the consumers. Therefore, in order to prevent this risk, the Company focuses on the policy, which the employees at all levels must strictly comply with in regards to customer treatment in order to focus on customer satisfaction. The customers must be treated with honesty and fairness. The ISO 9001: 2015 quality management system has been applied with the emphasis on risk management to customers by taking into account stakeholder need, whereby the laws related to consumer protection must be strictly adhered to in terms of delivery of quality products according to standards and the use of accurate advertisement content that is true with fair contract under the supervision of the Office of Consumer Protection. In addition, there is Supalai's Smart Center to receive complaints from customers with the recording system that sends complaint online to the responsible department for each complaint. There is also a system to monitor progress in resolving such complaints in order to provide products and services which are satisfactory to customers. The Company has also conducted a survey of satisfaction of customers and stakeholders towards all of its products and services in every project, and the results are used to improve the products and provide solutions to further meet the needs of consumers.

Capital Structure

1. Securities of the Company

As at 31 December 2017, the Company has a registered capital of Baht 2,145,691,561 with paid-up capital of Baht 1,716,553,249 divided into 1,716,553,249 ordinary shares at a par value of Baht 1 per share.

In 2017, the Extraordinary General Meeting of Shareholders No. 1/2017 passed a resolution approve the following matters.

a) Approve the reduction of the Company's registered capital in the amount of Baht 53,446,751 from Baht 1,770,000,000 (1,770,000,000 ordinary shares with a par value of Baht 1 each) to the new registered capital of Baht 1,716,553,249 (1,716,553,249 ordinary shares with a par value of Baht 1 each) by cancelling 53,446,751 authorized but unissued ordinary shares at par value of Baht 1 per share. The Company registered the decrease in share capital with the Ministry of Commerce on 26 September 2017.

b) Approve the increase of the Company's registered capital from Baht 1,716,553,249 (1,716,553,249 ordinary shares with a par value of Baht 1 each) to the new registered capital of Baht 2,145,691,561 (2,145,691,561 ordinary shares with a par value of Baht 1 each) by issuing 429,138,312 newly issued ordinary shares at par value of Baht 1 per share for the exercise of warrant to accommodate the exercising of Warrant No.4 (SPALI-W4). The Company registered the increase in share capital with the Ministry of Commerce on 27 September 2017.

c) Approve the issuance and allocation of the right offering of the Company's warrants No.4 (SPALI-W4) with a total amount not exceeding 429,138,312 units to existing shareholders at the ratio of 4 existing ordinary shares to 1 unit of warrant at no cost and with the exercise price of Baht 4 per share. Subsequently, on 20 October 2017, the Company issued the 429,135,954 units of SPALI-W4 to the existing shareholders of the Company. The warrants have an exercise period of 1 year from the date of issue, and are exercisable every three month from the first time exercise date. The first and the last exercise dates are 20 January 2018 and 19 October 2018, respectively. The exercise ratio is 1 warrant per 1 ordinary share and the exercise price is Baht 4 (par value of Baht 1 per share). The remaining 2,358 units of SPALI-W4 will be discarded.

2. Other Types of the Company's Shares with the Rights or Conditions Different from Ordinary Shares such as Preferred Shares

A. In 2013, 2014, 2015, 2016 and 2017, the Company had issued unsecured debentures with the details as follows:

- No. 1/2013 on May 3, 2013 with 5 years maturity at a fixed interest rate of 4.12% per annum in the value of Baht 500 million (500,000 units at a par value of Baht 1,000 per unit), and the maturity

date is 3 May 2018, with interest payment after every period of 6 months throughout the maturity period of the debentures.

- No. 1/2014 on February 28, 2013 with 3 years maturity at a fixed interest rate of 3.95% per annum in the value of Baht 2,300 million (2,300,000 units at a per value of Baht 1,000 per unit), and the maturity date is February 28, 2017, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 2/2014 on May 20, 2013 with 3 years 19 days maturity at a fixed interest rate of 3.65% per annum in the value of Baht 500 million (500,000 units at a per value of Baht 1,000 per unit), and the maturity date is June 8, 2017, with interest payment after every period of 3 months throughout the maturity period of the debentures.
- No. 4/2014 on August 28, 2014 with 3.5 years maturity at a fixed interest rate of 3.87% per annum in the value of Baht 2,200 million (2,200,000 units at a per value of Baht 1,000 per unit), and the maturity date is February 28, 2018, with interest payment after every period of 3 months throughout the maturity period of the debentures.
- No. 5/2014 on September 25, 2014 with 3 years maturity at a fixed interest rate of 3.60% per annum in the value of Baht 200 million (200,000 units at a per value of Baht 1,000 per unit), and the maturity date is September 25, 2017, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 6/2014 on December 2, 2014 with 4 years maturity at a fixed interest rate of 3.60% per annum in the value of Baht 1,000 million (1,000,000 units at a per value of Baht 1,000 per unit), and the maturity date is December 2, 2018, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 7/2014 on December 4, 2014 with 3 years maturity at a fixed interest rate of 3.25% per annum in the value of Baht 1,000 million (1,000,000 units at a per value of Baht 1,000 per unit), and the maturity date is December 4, 2017, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 1/2015 on February 16, 2015 with 2 years 11 days maturity at a fixed interest rate of 2.75% per annum in the value of Baht 400 million (400,000 units at a per value of Baht 1,000 per unit), and the maturity date is February 27, 2017, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 2/2015 on May 13, 2015 with 3 years maturity at a fixed interest rate of 2.62% per annum in the value of Baht 1,000 million (1,000,000 units at a per value of Baht 1,000 per unit), and the maturity date is May 13, 2018, with interest payment after every period of 6 months throughout the maturity period of the debentures.

- No. 3/2015 on September 4, 2015 with 5 years maturity at a fixed interest rate of 3.10% per annum in the value of Baht 1,500 million (1,500,000 units at a per value of Baht 1,000 per unit), and the maturity date is September 4, 2020, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 4/2015 on December 28, 2015 with 3 years 11 months 23 days maturity at a fixed interest rate of 2.72% per annum in the value of Baht 2,500 million (2,500,000 units at a per value of Baht 1,000 per unit), and the maturity date is December 20, 2019, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 1/2016 on January 29, 2016 with 3 years maturity at a fixed interest rate of 2.25% per annum in the value of Baht 1,000 million (1,000,000 units at a per value of Baht 1,000 per unit), and the maturity date is January 29, 2019, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 2/2016 on September 7, 2016 with 3 years maturity at a fixed interest rate of 2.24% per annum in the value of Baht 1,000 million (1,000,000 units at a per value of Baht 1,000 per unit), and the maturity date is September 7, 2019, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 1/2017 on February 17, 2017 with 3 years maturity at a fixed interest rate of 2.60% per annum in the value of Baht 2,700 million (2,700,000 units at a per value of Baht 1,000 per unit), and the maturity date is February 17, 2020, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 2/2017 on May 4, 2017 with 3 years maturity at a fixed interest rate of 2.59% per annum in the value of Baht 1,000 million (1,000,000 units at a per value of Baht 1,000 per unit), and the maturity date is May 4, 2020, with interest payment after every period of 6 months throughout the maturity period of the debentures.

3. Offering for Sale Shares or Convertible Securities to Mutual Fund for Foreign Investors (Thai Trust Fund) and the Issuance of Non-Voting Depository Receipt (NVDR)

From the information on ordinary shareholders who hold shares of the Company through Thai NVDR Company Limited as of 21 September 2017, there were 130,224,837 shares, or 7.59% of the paid-up ordinary shares. Also, since the ordinary shares of the Company held by Thai NVDR Company Limited have no right to vote in the meeting of shareholders (except the exercise of right to vote on the resolution to delist the shares), the voting rights of other shareholders have increased. The shareholders can check the most recent number of NVDR shares of the Company from the website of the Stock Exchange of Thailand at www.set.or.th for consideration to further exercise their voting rights.

4. Top 10 Major Shareholders as of the Most Recent Closing Date of the Share Register on 21 September 2017

Shareholders' List	Percentage of Shareholding	
	Number of	Percentage
1 TANGMATITHAM FAMILY ¹⁾	503,783,844	29.35
2 THAI NVDR COMPANY LIMITED	130,224,837	7.59
3 THE BANK OF NEW YORK MELLON	80,856,560	4.71
4 SOCIAL SECURITY OFFICE	71,969,300	4.19
5 CHASE NOMINEES LIMITED	61,172,300	3.56
6 THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	50,977,200	2.97
7 HSBC (SINGAPORE) NOMINEES PTE LTD	38,690,788	2.25
8 UBS EUROPE SE, LUXEMBOURG BRANCH	35,465,000	2.07
9 STATE STREET BANK EUROPE LIMITED	25,000,535	1.46
10 SKANDINAVISKA ENSKILDA BANKEN AB	20,777,200	1.21
Total Top 10 Shareholders	1,018,917,564	59.36
Others	697,635,685	40.64
Total	1,716,553,249	100.00

Remark : ¹⁾ The group of Mr. Prateep Tangmatitham and related persons pursuant to Section 258 of the Securities and Exchange Act (B.E. 2535) (1992) consists of 1) Mr. Prateep Tangmatitham 2) Mrs. Ajchara Tangmatitham holding 413,595,644 shares and 90,188,200 shares, or 24.10% and 5.25% respectively.

5. Policy on Dividend Payment of the Company and the subsidiaries

For sustainable growth, the Company has set divided policy for the 2015 onwards to be not less than 35 percent of net income after tax of the separate financial statements. However, in case the Company still suffers accumulated loss, it will be not able to pay dividend as specified in its Articles of Association. In addition, subject to the Company's regulation on rights and duties of the debenture issuer, the Company can pay dividend in the amount of not more than 60% of the net profit of such particular year. Nevertheless, the Board of Directors may pay interim dividend to shareholders from time to time if deemed appropriate that the Company's profit is sufficient to do so, and report to the subsequent meeting of shareholders for acknowledgement.

Nevertheless, the Company has set up condition in maintaining the conditions for making dividend payment according to the Loan Agreement, that is, the Company shall not pay dividend, be it interim or annual dividend, or distribute any benefit or remuneration to any or all shareholders by any means or method unless all of the following events take place In a complete manner:

- (1) the Company has not breached the Loan Agreement and
- (2) the Company has presented the evidence for consideration by the creditors and is of the opinion that in the year in which any dividend and/or benefit and/or remuneration shall be paid, the Company has provided reserve in a sufficient amount to fully pay all the interest and principal due in the year in which any dividend and/or benefit and/or remuneration shall be paid.

For the subsidiaries, there is no certain policy regarding dividend payment, it depends on the operational result of each company each year.



References

Investor Relations

Supalai Public Company Limited

1011 Supalai Grand Tower Building, Rama III Road, Chongnonsee, Yannawa, Bangkok 10120

Telephone 0-2725-8888 ext. 857

Fax 0-2687-0688

Website www.supalai.com

E-mail ir_spali@supalai.com

Registrar

Thailand Securities Depository Company Limited

93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400

Telephone 0-2009-9000

Fax 0-2009-9991

Call Center 0-2009-9999

Website www.set.or.th/tsd

Contact www.set.or.th/contactcenter

Debenture Registrar: Unsecured Debenture No.1-2/2014,4-6/2014 and 1/2015

CIMB Thai Bank Public Company Limited

44 Langsuan Building, Langsuan Road, Lumpini Patumwan, Bangkok 10330

Telephone 0-2626-7503-4

Fax 0-2626-7587

Website : www.cimbthai.com

Debenture Registrar: Unsecured Debenture No.1/2013, 7/2014, 2-4/2015, 1-2/2016 and 1-2/2017

Siam Commercial Bank Public Company Limited

1060 Petchburi Road, Makkasan, Ratchathevee, Bangkok 10400

Telephone 0-2544-4049

Fax 0-2544-7475

Website : www.scb.co.th

External Auditor

Krongkaew Limkittikul

Certified Public Accountant (Thailand) No.5874

EY Office Limited

33rd Floor, Lake Rajchada Office Complex 193/136-137 New Ratchadaphisek Road, Klongtoey, Bangkok 10110

Telephone 0-2264-0777, 0-2661-9190

Fax 0-2264-0789-90

Audit Fee 2,450,000 Baht

Supalai's Awards & Accolades

Throughout the period of 28 years, Supalai Public Company Limited has been awarded with a great number of honorable awards and accolades from leading organizations, which reflects fair and transparent real estate business operations in parallel with long-term sustainable growth of the Company.

The awards to be proud of by Supalai and subsidiaries are as follows:

1. Awards for its potential regarding corporate management as listed below:

- In 2017, the Company received the “Thailand Top Company Awards 2017” in the group of real estate business. Such awards are given to companies with business operation potentials, good governance and social responsibility. It was organized by the University of the Thai Chamber of Commerce in cooperation with Business+ magazine in the ARIP Group.



- In 2017, the Company received the “Outstanding Investor Relations Awards” in the group of companies with market capitalization ranging from Baht 30,000 - 100,000 million from the Stock Exchange of Thailand in “SET Awards 2017”

- In 2017, the Company received the Thailand Sustainability Investment (THSI) or the award for being on the list of “Sustainable Shares of 2017” from the Stock Exchange of Thailand in “SET Sustainability Awards 2017” for the third consecutive year. This is the award to honor and commend listed companies with sustainable business practices.



- In 2017, the Company has been selected as one of the “Top 10 Companies of the Year 2017” by Money & Banking Magazine. This award is given to the top 300 listed companies including 96 companies listed on the MAI based on business fundamentals with profitable performance as of 2016. The ranking method is based on international standard criteria that reflects the overall efficiency of the company's management as measured by the size of the company, profitability and return on investment.



- In 2017, the Company has been ranked in the “Excellent” Group for the fifth consecutive year, following the results of the Good Corporate Governance Survey of listed companies in 2017 conducted by the Thai Institute of Directors jointly with the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand.



- In 2016, the Company received Thailand Sustainability Investment (THSI) 2016 Award, by having been included on the list of sustainable shares, from the Stock Exchange of Thailand. The Company has received this award for 2 consecutive years.
- In 2016, the Company received the “Investors’ Choice Award” from the Thai Investors Association jointly with the Stock Exchange of Thailand; the Securities and Exchange Commission, Thailand (SEC) and the Federation of Thai Capital Market Organization, whereby Supalai was 1 of 47 companies being able to get the excellent score from the appraisal of organizing shareholders’ meeting by getting full score for 4 consecutive years (2013-2016).
- In 2016, the Company had been appraised regarding corporate governance of listed companies 2016 by Thai Institute of Directors Association (IOD), which has been supported by the Securities and Exchange Commission, Thailand (SEC), whereby Supalai has been 1 of 80 companies to receive excellent score out of 601 companies under such survey for 4 consecutive years.

- In 2015, the Company received the “Outstanding Listed Company Performance Award” from the Stock Exchange of Thailand in “SET Awards 2015”



- In 2015, the Company received the “Best Under A Billion Award” from Forbes Asia at Sunway Resort Hotel and Spa in Malaysia as 1 of 6 companies in Thailand to receive such award being selected among listed companies in Asian region. The criteria applied was the amount of profits, continuous growth rate and future business opportunities.



- In 2015, the Company received the “Thailand Sustainability Investment 2015 Award”, or the award for being on the list of “Sustainable Shares of 2015” in “SET Sustainability Awards 2015”, which has been given to outstanding listed companies for sustainable business operations that has positive impact on the society.



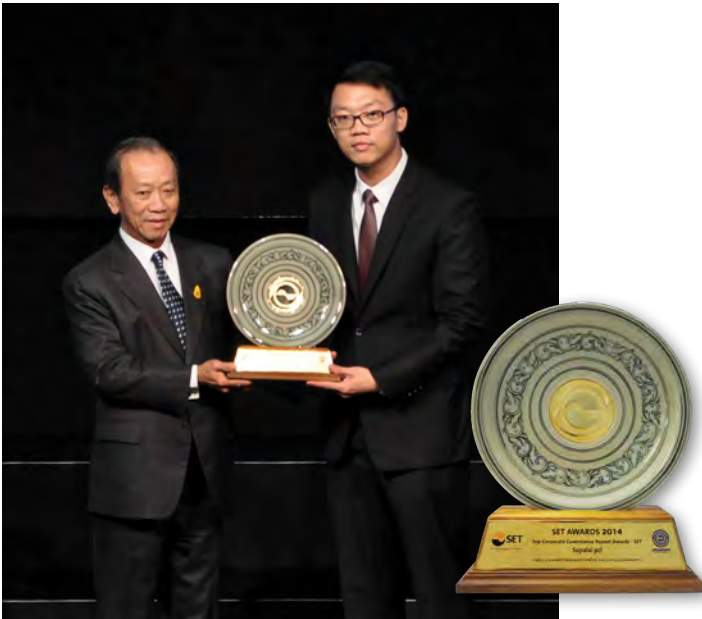
- In 2015, the Company had been appraised regarding corporate governance of listed companies 2015 by the Thai Institute of Directors Association (IOD), which has been supported by the Securities and Exchange Commission, (SEC), whereby Supalai has been 1 of 55 companies to receive excellent score out of 588 Thailand companies under such survey.
- In 2014, the Institute of Directors jointly with the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand had conducted a survey and monitored the development of the corporate governance of listed companies in Thailand with the objective to prepare CGR report to provide an overall picture of corporate governance of listed companies in Thailand with recommendations, and to be information for securities analysts in order to support investment decisions. In 2014, the result of such annual survey and monitoring had placed Supalai Public Company Limited 1 of 29 companies that received the excellent score out of 550 companies under such survey.
- In 2013, the Company had been appraised regarding corporate governance of listed companies 2013 by the Institute of Directors Association (IOD), which has been supported by the Securities and Exchange Commission, Thailand (SEC), whereby Supalai has been 1 of 87 companies to receive excellent score out of 526 companies under such survey.
- In 2010, the Company received the best performance award and recognition certificate for “Listed Company with Excellent Operational Results of 2010” from the Stock Exchange of Thailand in the SET Awards 2010 presentation ceremony. It is the only listed company to receive the award among the group of listed companies with market capitalization higher than Baht 10,000 million.



- In 2010, the Company received the “Best Under A Billion Award” from Forbes Asia Magazine. Supalai is one of 200 companies to receive such distinguished award considered and selected among 13,000 companies in the Asian region, and 1 out of 9 Thai listed companies to receive this award as measured by the profits, growth rate, debt burden and future business opportunities.

2. Awards for Transparency and Good Corporate Governance as listed below:

- In 2016, the Company received a plaque of “Excellent Workplace” from the Social Security Office as an excellent workplace in implementing the laws correctly and completely.



- In 2014, the Company received the “Top Corporate Governance Report Awards” from the Stock Exchange of Thailand at the SET Awards 2014 event; such award has been given to listed companies having outstanding reports on compliance with good corporate governance practices.

3. The following awards are for corporate social responsibility:

- In 2017, the Company received “Certificate of ESG100 Company” from ESG Rating of Thaipat Institute for the second consecutive year. It has been selected from 656 companies listed on the Stock Exchange of Thailand as one of the top 100 outstanding listed companies that operate business sustainably in terms of environmental, social and good governance.



- In 2016, the Company received the **Certificate of ESG100 Company from ESG Rating** of Thaipat Institute, whereby the Company was also selected as one of the top 100 outstanding listed companies that operate business sustainably in terms of environmental, social and good governance.
- In 2016, the Company received the **“EIT-CSR Awards 2016”** from the Engineering Institute of Thailand under the Royal Patronage.



- In 2016, the Company received **Sustainability Report Award 2016, categorized of Recognition** from the Stock Exchange of Thailand, which was considered from the aspect of usefulness of company’s ESG disclosure towards investor.



- In 2015, the Company received the **“Consumer Protection Thailand Call Center Award 2015”** from the Office of the Consumer Protection Board; and the Company has received this award for 2 consecutive years.

- In 2014, the Company received the **“Consumer Protection Thailand Call Center Award 2014”** from the Office of the Consumer Protection Board.
- In 2013, the Company received the Award for **“Good Real Estate Developer of 2011 - 2012”** from the Office of the Consumer Protection Board (CPB), the Prime Minister’s Office in the Starred Real Estate Projects CPB, whereby, 4 projects of Supalai had received such award, namely, Supalai Suvarnabhumi Project, Supalai Park Srinakarin Project, Supalai Park Yaek Tiwanon and Supalai River Place projects. This is the third time that Supalai had won such award consecutively.

- Also received in 2012 was the “Ratsadakorn-Pipat” award or the “Excellent Taxpayer 2011” award presented by the Revenue Department, Ministry of Finance in accordance with its “Integrity, Pride, and Contribution to the Nation” policy. This award is offered to any individual or corporate taxpayers who are worthy of praise and admiration as they file and pay taxes accurately, willingly and forthrightly. Such responsibilities also exemplify people’s good deeds and create confidence among citizens, entrepreneurs, agencies and organizations, while making them realize how their tax paying can immensely contribute to the country’s prosperity and stability.



- In 2012, the Company as the owner of Supalai Grand Tower Building received the award for “Safe Building, Feeling Good All Over the City” from the Bangkok Metropolitan Administration. It was given as a complementary for good management of the building in the project for participation in safety of houses and buildings organized by the Office of Civil Works of Bangkok Metropolitan Administration.
- In 2012, Supalai Public Co., Ltd. received a plaque in honor of the “Ruam Raeng Thai, Raksa Nam Sai Thuk Khu Khlong” project (Canal Dredging and Cleaning Project) for joining to help maintain the good quality of canal water in a sustainable manner. The plaque was bestowed upon the Company by Prime Minister Yingluck Shinawatra, who chaired the award-giving ceremony.



- In 2010, the Company received the “Good Property Developer Award of 2009 - 2010” from the Office of the Consumer Protection Board, Office of the Prime Minister in the Real Estate Star Project; and Supalai has received this award for 2 consecutive years already.

- In 2008, the Company received the Award for “Good Property Developer Award of 2007-2008” from the Office of the Consumer Protection Board of the Prime Minister’s Office in the project to select good property developers.
- In 2003, the Company received the Award for “Developer who Preserves Consumers’ Advertisement Rights : Fair Advertisement of Products and Services for Consumers” from the Consumer Protection Board of the Prime Minister’s Office.



4. The following awards are for being the leader in excellent product development:

- In 2017, the Company received “Thailand's Top Brand Trust Index in the Real Estate Industry 2017” from Chulalongkorn University. This is the prize that guarantees which brands are most trusted by consumers, whereby the systematic research process is based on academic principles. The Consumer Confidence Index, the Trust Barometer and the Service Marketing Mix are used for data analysis with high-level statistical tools to screen for trustworthy brand index in the real estate industry, that is academically correct. Supalai Public Company Limited is the brand that has been trusted by condominium consumers who voted for the best value.



- In 2017, the Company received BCI Asia Top 10 Developers Awards 2017 from BCI Asia Construction Information Company Limited and Future Arc Journal. The awards were presented to three condominium projects, namely, Supalai Light Ratchadaphisek - Narathiwat – Sathorn, Supalai Loft Kaerai Station and Supalai Loft Talardplu. The Company has received this award for 7 consecutive years.



- In 2017, the Company received a plaque of “Excellent Property Project Award 2016” for Supalai Wellington 2 Project in the category of “condominium” from the Information, Research and Evaluation Centre of Thailand of Agency For Real Estate Affairs Co., Ltd.



- In 2016, the Company received a plaque of “Excellent Property Project Award 2015” for the Supalai Prima Villa Phaholyothin 50 Project for the type of “Single House”, and Supalai Bella’s Ring Road - Rama II Project for the type of “Townhouse” from the Information, Research and Evaluation Centre of Thailand of Agency For Real Estate Affairs Co., Ltd. The award was given to selected “Worthy of Buying” projects based on reasonable price, location, materials, format, designs and environmental conditions in the project.



- In 2016, the Company received the “BCI Asia Top 10 Developers Awards 2016” from BCI Asia Construction Information Company Limited and Future Arc Journal. It has received such award for 6 consecutive years. It is the award given to Thailand’s property developers selected for the outstanding and quality project design that is also environmentally friendly.



- In 2016, the Company received the Think Of Living People’s Choice Awards 2016 in the category of Editor Choice 2016. Award was given by the Think Of Living Website (Online Media on Real Estate) selected from 7 outstanding real estate projects of 2016, and Supalai projects were qualified as finalists in 2 categories, namely, High - rise Condominium Development: Main Class, for Supalai Riva Grand Project and the Best High-rise Condominium Development: Affordable, for Supalai Park Ratchavipha Project.

- In 2015, the Company received 4 Good Awards for “Excellent Energy Conservation House 2014” from the Department of Alternative Energy Development and Efficiency, Ministry of Energy. They consist of
 - Award for Excellent Energy Conservation Housing for Supa Lakhana House Design of Supalai Ville Outer Ring Road – Rama 2 Project
 - Award for Excellent Energy Conservation Housing for Supanat Housing Design of Supalai Ville Outer Ring Road – Rama 2 Project
 - Award for Excellent Energy Conservation Housing in terms of architecture for Supadumrong Housing Design of Supalai Garden Ville Srinakain – Bangna Project
 - Award for Excellent Energy Conservation Housing in terms of architecture for Supawattana Housing Design of Supalai Garden Ville Srinakain – Bangna Project



Regarding all of the above, Supalai has been a property developer that received most of the awards, which have been given to property developers that attach importance to energy conservation housing designs, and be a good role model for the society.

- In 2015, the Company received the “BCI Asia Top 10 Developers Awards 2015” from BCI Asia Construction Information Company Limited and Future Arc Journal. Supalai has received this award for 5 consecutive years. It is the award given to Thailand’s property developers selected for outstanding construction products that are also environmental friendly.



- In 2014, the Company received a plaque and certificate of “BCI Asia Top 10 Developers Awards 2014” from BCI Asia Construction Information Company Limited and Future Arc Journal. Supalai has received this award for 4 consecutive years. The awards had been given due to the designs and development of construction projects of the Company, which have been widely accepted by the consumers.

- In 2013, the Company was awarded “BV Symbol of Confidence in International Standard” of Bureau Veritas Certification (Thailand) Ltd. (BVC). Such award has been given by taking into consideration the application of ISO 9001:2008, the accreditation system of BVC as part of the advertising media of the Company, which has been extensive, efficient, correct according to the rules, beautiful and creative.



- In 2013, the Company had also received “BCI Asia Top 10 Developers Awards 2013” in the form of plaque and certificate from BCI Asia Construction Information Co., Ltd. and Future Arc Journal, whereby Supalai had received this award for the 3rd time consecutively as one of the top 10 property developers in Thailand to receive this award. The award had been given by taking into consideration the design and the development of the construction projects of the Company, which have been widely accepted by the consumers.
- The Company, also in 2012, won accolades for the “Outstanding Real Estate Project 2012” for the Supalai Parkville Romklao-Suvarnabhumi project in the category of “detached house” and the Supalai Park @ Tiwanon Junction project for “condominium”, which were presented by the Research and Evaluation Center for Thailand’s Real Estate, Agency for Real Estate Affairs Co., Ltd. (AREA). This award represents a housing project which comprises the “worth-buying” features, by taking into account its price, quality, location and materials, as well as the style, design and the environment within the project.
- By taking the outstanding design and construction development of a housing project into account, the Company was one in ten real estate developers in Thailand that won the “BCI Asia Top 10 Developers Awards 2012” organized by the BCI Asia Construction Information Co., Ltd. and FuturArc Journal. The four projects which earned the Company this award comprised Supalai Premier Asok, Supalai Park Khae Rai-Ngamwongwan, Supalai Park Ekkamai-Thong Lor and City Resort Ratchada-Huai Kwang.
- In 2011, received the “Thailand Property Awards 2011” in the category of Best Affordable Condo Development (Bangkok) for Supalai Park @ Tiwanon Intersection and Supalai Premier Ratchada-Narathivas-Sathorn from Property Report Magazine.



- In 2011, the Company has received the plaque of honor for the “Excellent Property Development Project 2011” for Supalai Park Ratchaphruek-Phetkasem Project from the Thai Real Estate Research and Assessment Center of Agency For Real Estate Affairs Co., Ltd. Such award is for the “Value for Money” projects by taking into consideration suitable price (price per square meter), location, materials, patterns and designs of the environment of the project as well as additional giveaways.

- In 2011, the Company has received “**Top 10 Developers Awards 2011**” from BCI Asia as one of top 10 property developers in Thailand. Such award has been given due to the designs and development of construction projects of the Company, which are extensively acceptable by the consumers.
- In 2011, the Company has been awarded altogether 27 sets of “**Certified Energy Conservation Building Label 2011**” from the Department of Alternative Energy Development and Efficiency, Ministry of Energy for 13 housing designs.



- In 2010, the Company has just received a Complementary Award of the “**Urban Design Award 2009**” at the organizational and professional level in the category of project for master planning of group of buildings for Supalai Casa Riva project from the Thai Urban Architects Association.



- In 2009, the Company received the “**Certified Energy Conservation Building Label 2009**” from the Department of Alternative Energy Development and Efficiency, Ministry of Energy for 5 house designs, they are, best label for Supapat (new) design and good labels for Supadarul (new) design, Supawanna design, Supivat design and Supanuch (special) design.
- In 2009, the Company received the “**Living in Thailand Award of Excellence 2008**” in the category of special Reader’s Choice Award for Best Designed Property from Living in Thailand Magazine.
- In 2008, the Company received a Good Award for “**Excellent Energy Conservation House**” for Supanuch (special) design and the Supadarul (new) design in the category of small detached house of Supalai Garden Ville Outer Ring Road Pinklao-Rama 5 project from the Department of Alternative Energy Development and Efficiency , Ministry of Energy.



- In 2007, the Company received a Good Award for “**Excellent Energy Conservation House**” for Supavat (new) design in the category of small detached house of Supalai Garden Ville Outer Ring Road Pinklao-Rama 5, and Supatarin design in the category of medium detached house of Supalai Suvarnabhumi from the Department of Alternative Energy Development and Efficiency , Ministry of Energy.

- In 2005, the Company received an Outstanding Award for “Excellent Energy Conservation House” for Supivat design in the category of small detached house of Supalai Orchid Park Watcharapol and Supakarul design in the category of medium detached house of Supalai Orchid Park Rama 2 from the Department of Alternative Energy Development and Efficiency, Ministry of Energy.

5. The professional awards for the Company’s executives are as follows:

- In 2017, Dr. Prateep Tangmatitham, Chief Executive Officer of Supalai Public Company Limited, receive “Thailand Headlines Person of The Year Awards 2016-2017” in the economic and social field. Such awards are given to outstanding and well-known individuals in a variety of professional fields, whose interviews appeared in various types of media and social media and have also contributed to the good relations between Thailand and China. The awards are organized by Chiaranai Entertainment Company Limited.



- In 2015, Dr. Prateep Tangmatitham, Chief Executive Officer of Supalai Public Company Limited, received “Outstanding CEO Award 2015” from the Stock Exchange of Thailand in “SET Awards 2015”



- In 2014, Dr. Prateep Tangmatitham, Chief Executive Officer of Supalai Public Company Limited had been awarded the “Khon Dee Sri Suan” (Outstanding Member of Suan Kularb), which is an award of honor for 1 outstanding alumni member of each class in the commemoration event of the 11 cycle or 132th anniversary of the establishment of Suan Kularb School.

- In 2014, Mrs. Ajchara Tangmatitham, Executive Vice President of Supalai Public Company Limited had been conferred a **royal decoration of Companion (Fourth Class)** of the Most Admirable Order of the Direkgunabhorn due to her dedication to continually do



good deeds beneficial to the country and the people by donating personal fund to Thammasat Hospital to improve phase 2 of the special orthopedic patient ward on the 6th Floor of Kittiwattana Building.



- In 2013, HRH the Crown Prince had conferred an honorary Ph.D. Degree of Science in the field of Innovation In Property Development to Dr. Prateep Tangmatitham, Chief Executive Officer of Supalai Public Company Limited at the main conference hall of Thammasat University on 1 August 2013.

- In 2013, Dr. Prateep Tangmatitham, Chief Executive Officer of Supalai Public Company Limited was awarded a plaque of honor as **“Outstanding Person of the Year 2012 in the Field of Arts and Culture”** from King Prajadhipok Institute’s Society, which was

presented by Mr. Somsak Kiatsuranon, the President of the National Assembly at Ratripradabdaw Commemoration Night in 2013.

- In 2009, Mrs. Varunee Lapitananuvat, Senior Assistant Managing Director of Finance and Accounting of Supalai Public Company Limited received the **“Analysts’ Popular CFO Award of 2009 in the Category of Real Estate and Construction Material Business”** from the Securities Analysts Association.

6. Awards indicating the management potential of Supalai Group comprise:

- In 2010, Haadyai Nakarin Co., Ltd. received the **“Good Corporate Governance Award”** in terms of transparency and integrity from the National Counter Corruption Commission.
- In 2009, Haadyai Nakarin Co., Ltd. received the **“Thai Chamber of Commerce Business Ethics Standard Test Award 2009”** from the Thai Chamber of Commerce.
- In 2008, Haadyai Nakarin Company Limited received the Award for **“Excellent Ethical Conduct”** from the Chamber of Commerce of Songkhla Province for being the organization with ethical management according to the ethical principles of the Chamber of Commerce.

Performance Review

Financial Highlights 5 Years

Financial Data					
(Unit : Million Baht)					
	2013	2014	2015	2016	2017
Contractual sales	18,577	19,386	23,011	23,591	30,424
Revenues from sales of real estate	12,322	18,270	20,999	22,902	24,617
Total revenues	12,742	18,671	21,523	23,492	25,789
Profit before income tax expenses	3,676	5,722	5,692	6,262	7,366
Profit for the year	2,882	4,478	4,349	4,887	5,812
Total assets	30,675	38,031	47,287	51,680	55,702
Total liabilities	15,966	20,053	26,837	28,068	27,322
Total shareholders' equity	14,709	17,977	20,450	23,612	28,380
No. of outstanding shares (Million Shares)	1,716.55	1,716.55	1,716.55	1,716.55	1,716.55
Earnings per share (Baht)	1.68	2.61	2.53	2.85	3.39
Par value (Baht)	1.00	1.00	1.00	1.00	1.00
Book value per share (Baht)	8.57	10.47	11.91	13.76	16.53
Dividend per share (Baht)	0.70	1.00	1.00	1.05	-

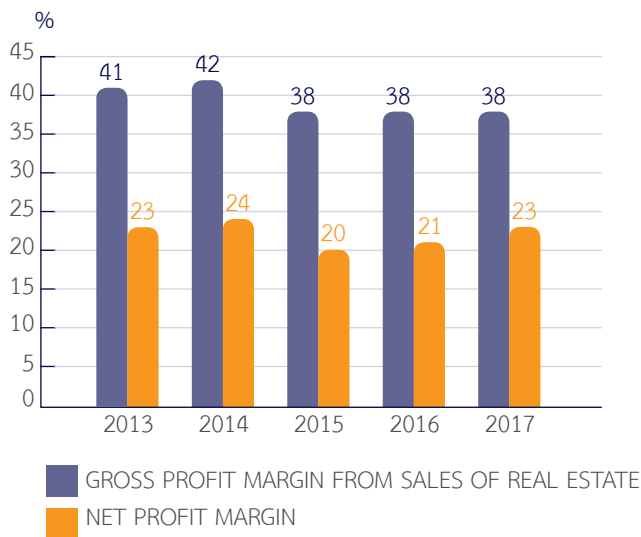
Financial Ratio					
	2013	2014	2015	2016	2017
Gross profit margin from sales of real estate (%)	41	42	38	38	38
Net profit margin (%)	23	24	20	21	23
Return on equity (%)	20	25	21	21	20
Return on total assets (%)	9	12	9	9	10
Net gearing (Times)	0.51	0.66	0.95	0.87	0.69

Significant Information For Shareholders

The Annual General Shareholders' Meeting of year 2018

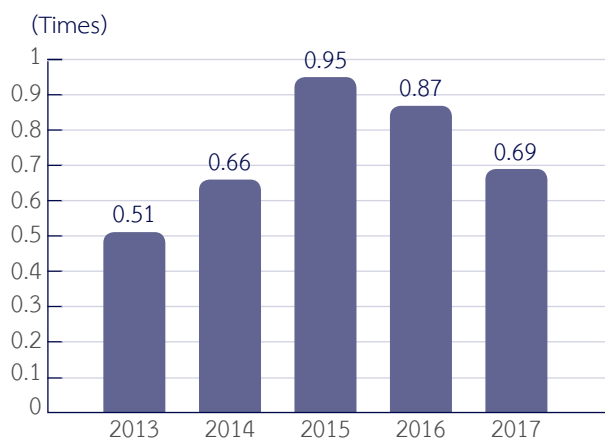
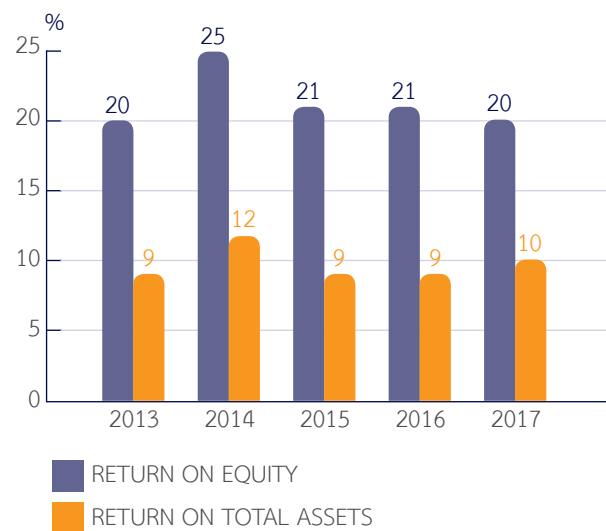
April 24, 2018 at 2.00 p.m. at Supalai Grand Tower Building at Meeting Room, 33rd Floor,
1011 Rama III Road, Chongnonsee Subdistrict, Yannawa District, Bangkok 10120.

Dividend Payment : Suspend dividends payment

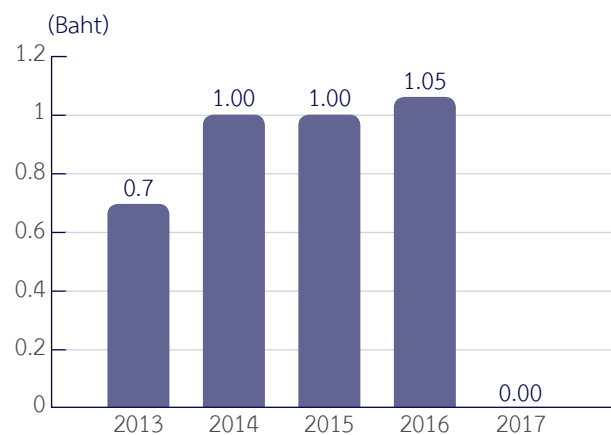


GROSS PROFIT MARGIN FROM SALES OF REAL ESTATE AND NET PROFIT MARGIN

RETURN ON EQUITY AND RETURN ON TOTAL ASSETS



DIVIDEND PER SHARE



NET GEARING

Analysis of Financial Position and Operational Results

1. Table of Summary of Operational Results

	Year 2016 (Million Baht)	Year 2017 (Million Baht)	Increase (Decrease) Percent (%)
Total revenues	23,491.64	25,789.05	10%
Revenue from sales of real estate	22,901.92	24,617.13	7%
Selling and administrative expenses	2,536.16	2,922.03	15%
% Selling and administrative to total revenues	10.8%	11.3%	-
Profit before income tax expenses	6,262.28	7,366.30	18%
Income tax expenses	1,277.24	1,488.51	17%
Effective income tax expenses rate (%)	20.4%	20.2%	-
Profit for the year	4,886.53	5,812.05	19%
Basic earnings per share (Baht)	2.85	3.39	19%
Diluted earnings per share (Baht)	2.85	3.21	13%
Net profit margin (%)	20.8%	22.5%	-

- The revenue from sales of real estate in the amount of Baht was 24,617.13 million or increased of Baht 1,715.21 million or 7% from the last year, divided into the revenue of 53% from the transfer of ownership of detached houses and townhouses and the remaining 47% from the transfer of ownership of condominiums. The revenue was increased mainly due to increase in sales.
- In third quarter of 2017, a subsidiary in Philippines entered into the sale agreement of rental office building, totaling PHP 1,620 million. The subsidiary recorded gain on disposal of rental office building amounting to PHP 668 million (amounting to Baht 451 million).
- Selling and administrative expenses to total revenue was 11.3% that was increased from 10.8% of the last year. This is mainly due to the increase in number of projects.
- Net profit was Baht 5,812.05 million or increase of Baht 925.52 million or 19% from the same period of the last year, mainly due to increase in revenue from sales of real estate and gain on disposal of rental office building as stated in No.1 and 2. Therefore, basic earnings per share was Baht 3.39 per share or increase from Baht 2.85 per share of the same period of the last year. In October 2017, the Company issued the Company's warrants No.4 to existing shareholder, as a result, diluted earnings per share was Baht 3.21 per share as of 2017.

2. Table of Summary of Financial Status

	Year 2016 (Million Baht)	Year 2017 (Million Baht)	Increase (Decrease) Percent (%)
Assets			
Cash and cash equivalents	569.07	513.52	(10%)
Current investments	-	1,260.49	100%
Costs of property development projects for sales	46,409.68	49,509.87	7%
Other assets	4,700.84	4,417.92	(6%)
Total assets	51,679.59	55,701.80	8%

The total amount of assets in 2017 was increased from 2016 by approximately 8%, the main reasons were as follows:

- All amount of current investments was increased because one foreign subsidiary has invested in government bonds for better returns.
- The cost of property development projects for sales was increased by 7% due to a great amount of construction cost of the selling projects and backlogs to be transferred to customers in the next 1-3 years.

	Year 2016 (Million Baht)	Year 2017 (Million Baht)	Increase (Decrease) Percent (%)
Liabilities and shareholders' equity			
Bills of exchange payable	1,977.07	2,976.86	51%
Deposits and advances received from customers	3,389.78	3,763.84	11%
Long-term loans from banks	3,831.79	2,589.00	(32%)
Debentures	15,090.39	14,391.64	(5%)
Other liabilities	3,778.53	3,600.07	(5%)
Total liabilities	28,067.56	27,321.41	(3%)
Total shareholders' equity	23,612.03	28,380.39	20%
Net Gearing Ratio (%)	87%	69%	

The total liabilities of 2017 was decreased from 2016 by approximately 3%, the mainly due to the increase in revenue of the Company and subsidiaries as stated in table No.1. The details were as follows:

- Bills of exchange payable was increased Baht 999.79 million or approximately 51% because the Company issued more bills of exchange for low-cost financing.
- Long-term loans from banks in 2017 was decreased from 2016 because the Company used cash inflows from revenue from sales of real estate to repay long-term loans.

- During 2017, the Company paid for the redemption of debentures which were due in the amount of Baht 4,400 million and issued debentures amounting to Baht 3,700 million, of which the financial cost was lower than the project loan.
- The net gearing ratio was 69% as at December 31, 2017, which was decreased from the level of 87% as at December 31, 2016, mainly due to repayment of long-term loan and redemption of debentures by using cash flow from operating activities of the Company and its subsidiaries.

3. Table of Summary of Liquidity and Cash Flows

(Unit: Million Baht)		
	Year 2016	Year 2017
Net cash flows from operating activities	1,375.22	2,612.10
Net cash flows used in investing activities	(833.29)	(423.33)
Net cash flows used in financing activities	(766.71)	(2,279.66)
Translation adjustments	(4.05)	35.35
Net decrease in cash and cash equivalents	(228.83)	(55.54)

The table shown that in 2017, the Company and its subsidiaries have net cash flows from operating activities more than last year due to the increase in the revenue from sales of real estate and other income. Net cash flows used in investing activities was increased because the Company injected investment in Australia. Moreover, a foreign subsidiary invested in government bonds in 2017. Also, net cash flows from financing activities for the year 2016 decreased by Baht 766.71 million mainly a result of repayment of long-term loans, for the year 2017, decreased by Baht 2,279.66 million mainly due to repayment of long-term loan and redemption of debentures.

As of December 31, 2017, the Company and its subsidiaries have backlog revenue from waiting to be transferred the ownership of house and/or condominium Baht 39,187 million. The Company and its subsidiaries expect to transfer additional Baht 12,527 million of these backlogs over the year 2018, and Baht 26,660 million over the next 3 years. The backlog means total value of house and/or condominium sold but awaiting to be transferred, then the Company and its subsidiaries could recognize the revenue according to the Thai Accounting Standard, recognizing in full when ownership is transferred.

Corporate Social Responsibility

SUPALAI...WE CARE FOR THAI SOCIETY

Supalai Public Company Limited has been committed to the business of real estate development with the concept of “SUPALAI... WE CARE FOR THAI SOCIETY” for such a long period of 28 years, with an emphasis on creating better quality of life of the people in the society according to a strong sense of corporate social responsibility (CSR), which has been transferred into a variety of activities, such as providing knowledge, education, knowledge on environment, culture, family, health, community and religions, all of which is truly beneficial to the society.

Free Trainings and Seminars to Provide Knowledge to the Public

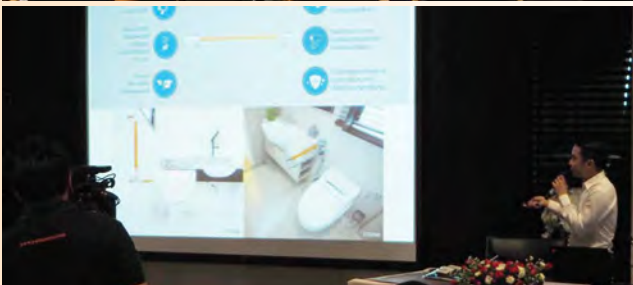
The Company has organized free seminars on various types of knowledge to Supalai customers, Supalai fan club, the general public, Supalai employees and press.

The Company, in cooperation with leading organizations, has organized seminars to provide insights and understanding on various interesting subjects that can be applied in daily life, such as seminar on investment tips, “Tax and Wealth” by Dr. Suwarn Valaisathien, seminar on business social media “Tips to open an online shop to be able to sell - sell well” by instructor Cheeptham Kumviset, seminar on DIY “Sparking the idea of mini beautiful garden as a professional” by Ms. Isara Paengsri.





Also, there is a variety of useful topics organized in collaborating with organizations such as The Siam Cement Public Company Limited (SCG) on “Tips to make a comfortable home for the elderly ... so easy”, and Nanmi Books Co., Ltd. on health and alternative medicine, “The new dimension of health care with alternative medicine” and a workshop on “30 top hit exercise postures to have good health”



Educational Activities

The Company set up development projects for many schools, universities, educational institutions on various aspects from donation of land to build Suankularb Wittayalai School of Rangsit, building school buildings, lecture rooms, donation of vehicles and cooperated with the Faculty of Architecture of Thammasat University on academic and research projects, the Company has also provided donations to needy schools in rural areas.

The management and employees of the Company in collaboration with the University of Illinois Alumni Association organized donation of education and sports supplies with the objective to share happiness with the children in rural schools that have resource scarcity, such as Ban Huay Poon School in Surin Province, Ban Hinkong School in Sra Kaeo Province, Ban Kokklang Nonglai Pittaysan School in Khon Khaen Province, Samakki Tham Ratbumrung School in Nakhon Sawan Province and Ban Romklao 3 School in Tak Province.



And donation had been made both in monetary and material to improve the cafeteria and library as well as water tank, water pump and sports equipment to Ban Pang Pei of Nan. Besides, there had been development and improvement of multi-purposes building, library, children's playground with the donation of computers, sports equipment for educational purposes to Wat Taiyor School of Songkhla. Financial support was provided to build classrooms, water tank and renovate the library to Ban Khunklang School of Chiangmai Province. The Company had also further restored 2 schools suffered from floods in Nakhon Sri Thammarat Province, by making donation of money and materials, books with shelf, water pump and water tank. It had also repaired school buildings, multi-purpose building and the children's playground at Wat Tha Nakorn School; and repaired the library at Ban Bang Krabue School according to the policy of "Saeng Prateep" Project.



Tha Nakorn School and Baan Banggrabue School of Nakorn Si Thammarat Province



Ban Khunklang School of Chiangmai



Wat Taiyor School of Songkhla



Ban Pang Pei of Nan

The Company has made donation in terms of money and medical instruments for the restoration of Wat Kukum Temple in Chiang Mai Province, and contributed financial support to build toilets, wash basins and paving the path with ceramic tiles throughout the walkway to the toilets for kindergarten students at Kukum Municipal School in Chiang Mai Province.

In addition, the company donated 15 rai of land in the area of Rangsit Canal 4, Pathumthani Province to the Education Department of the Ministry of Education to build Suankularb Wittayalai School of Rang sit and donated Baht 2,000,000 to the Faculty of Architecture and Planning, Thammasat University, to support the building of the Center of Innovative Urban, Community and Real Estate Development.

Dr.Prateep Tangmatitham, President, together with Ms. Ajchara Tangmatitham, Executive Vice President, generously made their personal contributions on behalf of Supalai Public Company Limited at the “30 Years of Giving” charity concert, to the TISCO Foundation where these contributions were consequently allocated as scholarships given to students in need nationwide and the Company donated copies of the



book titled “Sustainable Wealth and Happiness” written by Dr.Prateep Tangmatitham, to rural schools in Chiang Mai, Khon Kaen, Songkhla, Saraburi, Phuket, Chon Buri, Surat Thani, Rayong, Udorn Thani and Nakhon Ratchasima provinces, as a source of knowledge mutually used by both teachers and students.



Environmental Conservation Activities

The Company attaches importance to the responsibility to jointly conserve the environment in response to the policy of creating energy efficient homes that are environmental friendly to match the statement “Supalai Save Our World Save Your Money”, which has been transferred to environmental conservation activities, such as the executives of Supalai and the media had jointly with school administrators participated in planting trees to restore green space at Surat Pittaya 2 School of Surat Thani Province, also with the media in the mangrove reforestation in order to bring about affluence to the ecological system at Toonkramom Mangrove Forest in the Sirindhorn International Environmental Park of Petchaburi Province, the release of sea turtles at the Sea Turtle Conservation Center of the Navy in Chonburi Province, and the reforestation of Thai literature plants at Banpang Sammakki School, Kaengko District of Saraburi Province. Recently, the Company also participated in the project of “Joint Effort to Maintain Clean Water in Every Canal” organized by the Ministry of Finance in order to keep canal water clean in a sustainable manner.



Art and Culture Activities

In November 2017, the Company organized a book and photo exhibition for charity entitled “Prateep’s Vision 2” at Bangkok Art and Culture Center. This book was created and designed for charity. It is a book that is illustrated in photographs and literary philosophies. There were 78 photographs in the exhibitions and all of the proceeds were donated to build the Nawamintharabopit Building 84th Birthday Anniversary of King Rama 9. The total amount of proceeds was Baht 7,570,000. The books and the photographs from the exhibition would be given to those who have donated and contributed to the building of Nawamintharabopit Building, 84th Birthday Anniversary of King Rama 9 of Siriraj Hospital.



Therefore, on the occasion of the 25th anniversary of its business operations, the company has organized special social creative events in various forms, such as

- **The Sculpture Contest** jointly with the Department of Sculpture, the Faculty of Painting, Sculpture and Graphic, Silpakorn University by inviting artists and those interested in creating works under three topics: the “happiness, love or prosperity.”
- **The Photography Contest** under topic: “Happiness in SUPALAI” by inviting SUPALAI families and SUPALAI employees to share happiness through photographs.
- **The Essay Contest on “Happiness in SUPALAI”** by inviting SUPALAI families to convey the feelings and opinions on residing in Supalai residential projects.



In October 2014, the Company held a charity art show titled. “The Power of Happiness from Nature and Goodness” at Lifestyle Hall, 2nd Floor of Siam Paragon Shopping Center. That was a creation of Chinese brush paintings, and the proceeds from the sale of art works was totally Baht 4,000,000 baht, which was given to Thammasat University Hospital. The displayed paintings have been given to the donors.

In 2010, the Company had organized the art exhibition under the theme of “Creative Power” at Life Style Hall, 2nd floor of Paragon Department Store, and the proceeds from the sales of 56 pieces of art works in the exhibition in a total amount of Baht 2,400,000 had been offered to Princess Mahachakri Sirindhorn for charity activities of the Thai Red Cross. Also some art works were presented to the Princess.



Activities for Producing Media for both Dharma and Worldly Knowledge



The Company had produced knowledge books to be given away free to Supalai families and the general public by selecting information that is useful in all aspects, such as knowledge about health, Feng Shui, Dharma principles for leading the life, etc. in order to offer happiness during every new year occasion. The books published are Prosperous Life, Blessed Life, Auspicious Plants, Long Life, Good Health, Happy Life, Conquer the Disease, Conquer the Age, Victory in Life, Power of Breath, Creating Life Power, Light for Life, Learning about Feng Shui, Knowing the Path to Happiness, Smiling Heart, Key to Heaven and Creation of Happy Life, Knowledge of the Household, Quotes, Our House of Happiness, Prateep Philosophy, Prateeptat 1. “The Garden of Happiness - Happy Home” is a book that inspires and sparks the idea to create beautiful garden with lots of benefits. The most recent book “Prateep's Vision 2” is a collection of photos and philosophies, which are valuable for leading one's life.



Also media pockets books, a total of three pockets books were produced, namely, 1. (Non) -Secret Tips for Management + Development of Real Property; 2. (Non) Secret Tips, Supalai + Real Property; 3. When... will we be rich sustainably. And 4. Prateep's Vision written by Dr. Prateep Tangmatitham, Supalai President. All the proceeds from the sales of the books had been given as part of the “Prateep Tangmatitham Fund”, while Baht 2,000,000 was donated to the Architecture Faculty of Chulalongkorn University. As for book No.3, the entire proceeds from the book sales will be donated without deductible expense to the Thai Red Cross Society. For

Book No. 4, all the proceeds from the sales had been donated without deductible expense to the Faculty of Architecture and Planning of Thammasat University.

In addition the Company had prepared verses for Dharma song called “Wide Perspective, Think Far and Aim High”, which is a social creative song for maintaining mental value suitable for listeners of all ages. The song contents comprise advice on leading life with sustainable happiness. The name of the song came from the verses of Prapromkunaporn who has granted approval to use such name, the song was written and produced by Dr. Prateep Tangmatitham.



Social Activities

In 2015, the Company, jointly with the Supalai Relations Club had organized an event of “donation of aluminum” to be given to the Prostheses Foundation under the patronage of HRH the Princess Mother in order to provide prosthetics to those less fortunate. For such activity, Supalai had invited its employees, lessee companies of Supalai Grand Tower Building and the general public to jointly donate aluminum pulling rings of cans or materials made of aluminum by having donation box at the lobby of the building, and aluminum had been generously donated 3 consecutive years in a great amount



The Company had helped with the disaster relief for the flood victims led by the executives and employees of Supalai in distributing life saving bags, instant food, drinking water and other necessary items to help the customers of all Supalai projects and the people suffering from the floods in various areas with the cooperation of the Army. The Company had also donated money to help the flood victims, which was accepted by the governor of Nonthaburi Province. Besides, the Company had donated Baht 2,000,000 to the Thai Listed Companies Association as contribution to the “Capital Market for Flood Victims Fund”. The Company jointly with Dao Coffee Beans Co., Ltd., F & B By Dao Co., Ltd and Champ Boom Bell Co., Ltd. had donated floated toilets, instant food and necessary items to the flood victims in the villages of Moo 2, 3, 4 of Thachange Sub-District, Nakhonluang District of Pranakhon Sri Ayutthaya Province.



In addition, the Company had carried out the design of “Rural House for Farmer” by cooperating with the Work Team for Infrastructure, Communications and Energy, the National Social and Economic Advisory Council in conducting a study on “Development of Housing Infrastructure Project” to be given to interested farmers free of charge



Family Institution Promotion Activities

The Company attaches importance to continually promoting good relations within the family in order to be strong support foundation for the Thai society, such as “Developing Conscience-Meditation” activities by focusing on the practice on how to use conscience-meditation in order to develop oneself and apply in daily life as well as to strengthen families.



Health Activities

The Company invited medical teams from leading hospitals to provide free medical check-up and knowledge on interesting health topics. The Company also organized seminar on alternative medical approach Supalai families and the general public. Besides, there were charitable activities, such as “Blood Donation” for Vachira Hospital on L Floor of Supalai Grand Tower Building for Supalai employees and the employees of companies renting space in Supalai Grand Tower Building.



Mrs. Ajchara Tangmatitham, Executive Vice President, made a generous donation of Baht 1,500,000 to support work of the special care unit, Kittiwattana Building, Thammasat University Hospital. Such contribution was used for procuring medical equipment and enabled the unit to provide more thorough services and better quality treatment to the patients.

Additionally, the Company jointly provided support to the book titled “Yesterday at Present”, the proceeds from which, after administrative expense deduction, went to the Alzheimer’s Disease and Related Disorder Association (ARDA).

Community Development Activities

The Company has focused on maintaining the environment of its projects to be in good condition at all time. If there is any problem regarding the environment, the customers can notify the Company so as to carry out the improvement and development. In the past, there had been many projects taken care of by the Company as follows:

- The Company completed the dredging of canals in the vicinity of Supalai Parkville Romklao-Suvarnabhumi project so as to increase efficiency of the canal water management in Bangkok. This activity was performed in accordance with a cabinet resolution that requests be made for co-operation from the private sector in canal dredging within areas of real estate development projects for mitigation of impact from flooding in the future.
- The Company improve the road, install the drainage pipe and the cesspool in the area of Paholyothin Soi 48, in front of Supalai Park Ville Project and install the pipe under LaSalle Road and improve this road in the area of Supalai Ville Srinakarin Project.
- The Company had delivered a garbage collection truck worth Baht 2.1 million to Muang Lumsamkaew Municipality of Pathumthani Province for maintaining cleanliness and orderliness of nearby communities and donated the garbage collection truck to the Tambol Administration Organization of Klong Luang District, Pathum Thani Province for maintaining cleanliness and public order of Supalai Buri Project and the nearby areas.
- The Company had improved the road along Klong 4 canal for the comfort and convenience of the people driving in that area.
- The Company donated the equipment for operation to Bang Pongpang Metropolitan Police Station for use to maintain public order of the people driving in the area.

Happy Garden-Happy Home Project

Supalai Public Company Limited has created a new concept as a pilot project of edible green areas for Thai society by presenting garden that is a source of good food for all families. It has created an example





garden with all the steps in the book, “Happy Garden - Happy Home” to inspire the society to grow vegetables in their homes and condominiums according to the philosophy of sufficiency economy.

The Company has engaged in property development business along with sustainable development for the benefit of customers and the society. When designing the products, it has taken into account energy saving and eco-friendly as well as convenient and safe location so as to be good model of good and livable community and society. The Company is confident that family is a foundation of stable and sustainable society. That is the reason why it has created the concept of “Happy Garden – Happy Home” for Thai society in order to strengthen family ties in accordance with the policy of “Supalai...we care for Thai Society” and follow the Royal initiative philosophy of sufficiency economy.

“Happy Garden - Happy Home” is a concept that Supalai wants to inspire people to create beautiful edible garden with a lot of benefits in all sizes and areas of housing for better quality of life of all families. It has been done through the transfer of knowledge by Assoc. Prof. Sasiya Siripanich and Assistant Prof. Dr. Sermsiri Chanprem, the two gurus on garden and horticultural garden design, Faculty of





Agriculture, Kasetsart University, Kampaengsaen, Nakhorn Pathom campus. Their process begins from designing vegetable garden, steps of planting and maintenance, whereby the garden area of single detached house and condominium balcony have been designated to actually create a model of gardening in accordance with the concept, ready to inspire all families to create source of food that is useful, economical, clean and satisfactory. Beside saving the household expenses, family members can have fresh, clean and safe vegetables, while enjoying family activities and the benefits of the planted garden from the concept, of which Supalai has presented in a handbook titled “Happy Garden - Happy Home”.

Project of Happiness Camp : Happiness Garden to Increase Quality of Life, Persuade Construction Workers to Create Organic Vegetable Gardens



The Company recognizes the importance and pays attention to every production cycle. This is the origin of one of the pilot projects, “Happiness Camp”: it is the Happiness Garden, which based on the knowledge of the book “Happy Garden - Happy Home” by creating edible vegetable garden. This activity is a symbol of goodwill sent to colleagues in the production cycle to create a healthy lifestyle and upgrade the quality of life of construction workers to be happier, and also enhances teamwork skills.

Organic farming is a source of fresh, clean, hygienic and safe food that helps save household expenses. It is also a place for relaxation, creation of emotional wellbeing and beautiful scenery for the community, whereby free time after work has been used to add value to life.

Therefore, the “Happiness Camp” project has dedicated the area within the construction workers’ camp to become an edible organic farm. The techniques for growing vegetables without chemicals have been taught by instructor Komsan Hutapaet, a specialist in vegetable garden, who has imparted the knowledge to the construction workers. The Company also donated materials and a variety of vegetable seeds to the construction workers to join in creating a large vegetable garden in 5 worker camps. There has been close monitoring, and contests were organized for vegetable gardens of each worker camp on “Happiness Day” for construction workers at Supalai Prime Bangna - Lat Krabang Project under the cooperation with business partners in organizing activities to created happiness for construction workers.

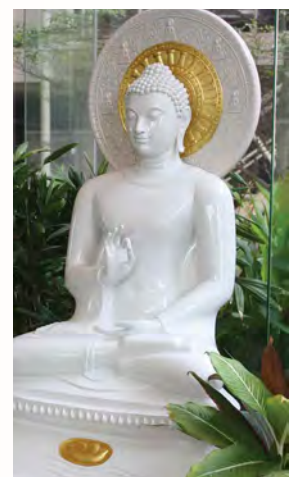


Religious Support Activities

The Company has the project to develop landscape in many religious premises including temples, mosques and help with the design and layout of buildings in the temples by giving advice and collaboration with the Fine Arts Department, the Stock Exchange of

Thailand and the Federation of Thai Capital Market Organizations (Fetco), whereby the Company has been a host for the caring and restoring of a temple in Nonthaburi Province. Also, in the past, the Company had arranged for adjusting the landscape of various religious places, such as Wat Pantainorasingh Temple in Samutsakhon Province, Wat Cholpratan Rangsarit Temple, Nonthaburi Province and Rao Dortulmuttagine Mosque in Por Bay of Phuket Province.

In addition, Dr.Prateep Tangmatitham, the President of the Company, had a Buddha image, “Pra Supanimit Mingmongkol” created to be dedicated to the Lord Buddha. The images have been set up at Supalai projects as propitious symbol for prosperity in both work and life of families of worshippers



Pra Supanimit
Mingmongkol

Human Resources Development

Promotion and Sustainable Development of Human Resources

Supalai Public Company Limited attaches importance to all personnel of the organization, seeing them as valuable human resources who are important in driving the policy and achieving the established goals of the organization, while at the same time, they are regarded as the driving force towards sustainable growth for the Company.

To ensure that the Company is ready for a rapid and constant change in the era of Thailand 4.0, the Company focuses on the investment in human resources continuously aiming at having the employees being developed mentally and physically on a continual basis. Such goal was implemented by integrating into human resources management process, starting from recruitment and selection, wage and welfare management, promoting good relationships in the organization together with training and developing employees to have appropriate knowledge and competence for their jobs.

Recruitment and Selection of Personnel

The Company's policy is to recruit personnel who have knowledge, ability, skill and attributes that are relevant to their positions. The core competency of each position is designated and the recruitment and selection process are conducted through competency-based interviews. The selected candidates will have to go through basic courses needed for the job and on-the-job-training provided by the Human Resources Department to prepare them to be ready to work accurately and properly. In addition, the personnel who joined the Company need to have good attitude and understand corporate culture of the Company in order to work together smoothly.

As for replacement of positions, the Company has the policy to recruit personnel inside the Company. In filling positions at supervisory level, the personnel within the Company shall be promoted first in order for them to have an opportunity to use their knowledge and ability to develop themselves for higher positions or to give them opportunity for cross functional transfer.

Wage and Welfare Management

To retain talents is one of the main tasks of the organization. After recruiting qualified personnel for the position, the Company needs to ensure that they receive appropriate remuneration to be able to compete in the market. Every year, the Company joins the payroll and welfare survey program run by human resources

consulting company. This is to collect information to improve wage and welfare to suit the affordability of the business in order to retain talents to grow alongside the organization.

In addition, the Company has a policy to pay for performance and the award will clearly be distinguished for the performances of each group of employees. After all, good performance management systems must be transparent and fair, which will create good morale for employees as well as sustainable employee engagement. The Company also establishes recognition system in the form of cash and non-cash, such as the award of honor to outstanding employees, long-time service employee reward, excellence customer service award.

Promoting Good Relationships in the Organization.

Good corporate environment is one of the factors that will enable employees to have skill in working and spending life together under the same corporate culture and with several levels of corporate personnel, such as between the Company and employees, employees and employees, employees and supervisors, employees and executives etc. If all groups have good relationship with one another, the goals of the organization would be eventually achieved.





Strengthening the relationship among groups of employees mentioned above has been carried on through the Company's activities to enable employees to have more channels or opportunities to communicate with one another. It also promotes unity and harmony within the organization. Such activities are Songkran Festival event, annual party, Internal sports activities, annual retreat trips, and suggested activities through various channels of the Company emphasizing two-way communication for better understanding. In addition, the Company also promotes moral and ethical activities for employees through Supalai Relations Club such as blood donation, donation for charity, participation in mindfulness meditation, etc. These activities help promote and improve the mind of the employees.

Promotion of Knowledge and Career Advancement Development

The Company realizes that true success of the business requires quality personnel. Therefore, all personnel must be systematically and continuously trained to improve their potentials and capabilities to be able to perform their tasks efficiently as set out in the goals. The training and development section would organize a competency gap assessment and then develop an individual development plan (IDP) for the selection of talents and develop this group of employees in order to support the succession plan, especially in critical positions.

The annual training plan shall be aligned with the job positions and needs. Each year, the training and development would be divided into 4 categories as follows:

- 1. Onboarding Program for New Employees:** The Company has organized an orientation on the first day of work for new employees so they can get to know corporate policy, rules, regulations, organizational structure, corporate culture, welfare and benefits provided by the Company. Later on, within 6 months, there will be a seminar called “Supalai Way” for new employees in order to get acquainted with their friends, other employees, their seniors, and executives. This is good for building good relationship among employees, establishing commitment to the organization, and learning to work together as a team.
- 2. Courses on laws and the Company's Policy:** They include courses on risk management, ISO 9001: 2015, safety standards in building, standard test for electricians, etc. The emphasis is on the knowledge and skills necessary for the employees to perform their duties correctly in accordance with the laws and professional principles.
- 3. Functional Development Courses:** They are based on the nature of tasks, which include the curriculum for developing the knowledge and skills of employees in sales and marketing group, construction and project management group, pre-post sales management group, and back office group. These are organized continuously both in-house and external trainings for the employees.
- 4. Leadership Development Courses:** They focus on the development of attitudes, knowledge and competence of employees in the organization in order to be able to utilize their ability properly and in a balance way to fulfill their tasks. These courses focus on the leadership skill, communication, problem solving, planning, team working and team development. The aim is to develop the employees to grow professionally and in accordance with the competencies set by the organization.

Last year, the Company has continually supported the development of its employees by providing trainings at all levels, both internal and external. The average training hours of the employees is 25.02 hours / person / year.

In addition to the training and development of employees, the Company also focuses on their continuing education through sponsorship in the form of scholarships at the undergraduate and graduate levels in both domestic and foreign institutions. Currently, 77 scholarships have been granted. Among them, 65 have been graduated while 11 are still studying in Thailand and 1 is studying abroad.

Also, the Company’s employees are encouraged to spend their free time for self-learning in the Company’s library and from the intranet run by the Human Resources Department as a reference for self-study.

As for other informal employees’ development, the Company provides mentors for new employees throughout the probationary period, at both the operational and the supervisory levels. The objectives are to offer guidance and coaching as well as to raise their awareness of the importance of learning and working as a team.

Community

In 2017, Supalai Public Company Limited has over 80 housing development projects under its supervision (more than 21,000 units). In developing real estate projects, Supalai continues to commit to care for Thai society with the emphasis on caring for the residents in the projects in order to create warm, livable and safe community. It has provided heart-to-heart services by establishing various working units to provide services, such as receiving complaints, organizing activities, providing information and maintenance as well as supporting members to set up a housing juristic person to take care of the project after Supalai has already done so as can be seen from the activities arranged for Supalai project members as follows:

Creation of Quality Society

The Company emphasises the creation of strong family ties and relationship because good and warm relationship among family members plays an extremely important role to further create good society. Thus, the Company offers free meditation courses to all Supalai family members twice a year (so far 27 courses had been organised) without charge. This is for the members to accumulate wisdom, learn how to love and be conscientious about the common needs of the society and also have a chance to interact and understand others so as to apply in their own lives. As a result, there would be love, warmth and understanding about harmonious co-existence in the community.

Activities to Strengthen Relationships or Familiarization among Members

The Company has organized activities for Supalai family members to jointly make merit during new year. This is to encourage members living in the project to know each other and create good relationship among themselves.

Reinforcement of Safety

Supalai attaches importance to safety and security, thus, arranging for full 24/7 security guards to inspect and keep record of entries into the projects. The security guards would periodically patrol the whole area of the projects to inspect and observe any abnormality, etc. The Company also joins with relevant government agencies in different localities in providing vaccination to prevent rabies in pets in its projects and spraying insecticide on mosquito breeding sources.



Establishment of Juristic Person for Housing Project

“Juristic Person for Housing Project” begins to play more roles in the Thai society in order to resume the duties after the operator having already taken care of the project as required by law. The Company, therefore, has encouraged and provided support to establish juristic person in order for any Supalai project to be managed as wished by the majority of the residents and to further increase the value of the houses in the future.

Caring of houses

After the ownership has been transferred, Supalai has provided maintenance unit to provide maintenance services to houses in Supalai projects for the guarantee period.

Communication with Residents

Supalai has arranged for communications in various forms, such as Journal “San Saiyai”, public relations booklets, signboards for public relations notices in order to provide useful information to residents of the projects, which is also aimed at forming cooperation physically and mentally for mutual benefits of the members, and developing warm feeling toward each other so as to live peacefully and happily together in the project.

Accepting Suggestions and Compliment

To provide information, in order to improve the products and service by opening communication channels to provide after-sales service, such as



Rakang Kaew Project

- Suggestion box
- Community service Department (Head Office) at Tel. 02-725-8888, Fax: 02-687-0234
- E-mail : manage@supalai.com
- Website : www.supalai.com
- Post



Supalai's Smart Center Tel. 1720

All the above-mentioned activities are parts of the process that Supalai has committed to provide in order for its value customers to have quality life and happiness in Supalai projects.

Anti-Corruption

Message from the Chief Executive Officer regarding Anti-corruption

It is generally well aware that corruption, which is considered as a crime against the law and morality, can have impacts on the status of the Company, the economic, social and political condition including the international confidence. The Company had, therefore, signed to join the anti-corruption network in order to ensure that the Company's management is based on principles of good governance, and consequently strengthen confidence. It has adopted the policy that emphasizes on raising awareness of employees and the management at all levels so as to realize the danger of corruption. Also, the right values have been instilled in order to develop the organization to be transparent, while various policies on anti-corruption have been clearly established.

Additionally, the company has appointed specific personnel to be responsible for preparing in writing the criteria, methods, follow-up measures and reports. The Board of Directors then assigned the Audit Committee to ensure compliance with all relevant principle of anti-corruption measures. In so doing, the Audit Committee will review the measures as well as related internal control principles and report on the measures of sufficiency and efficiency. The Audit Committee shall also review risk assessment and provide opinions to the Board of Directors regarding required practices to reduce such risks. The opinions will be further implemented for the internal control system by the executives.

Anti-corruption-related policies are to be strictly followed by directors, executives and employees of the Company, its subsidiaries including those under the supervision of the Company. These policies comprise:

1. Policy on Anti-Corruption
2. Policy on Political Contributions
3. Policy on Gift and Hospitality
4. Policy on Whistleblowing and Complaints
5. Policy on Provision of Financial Support
6. Policy on Charity Donation

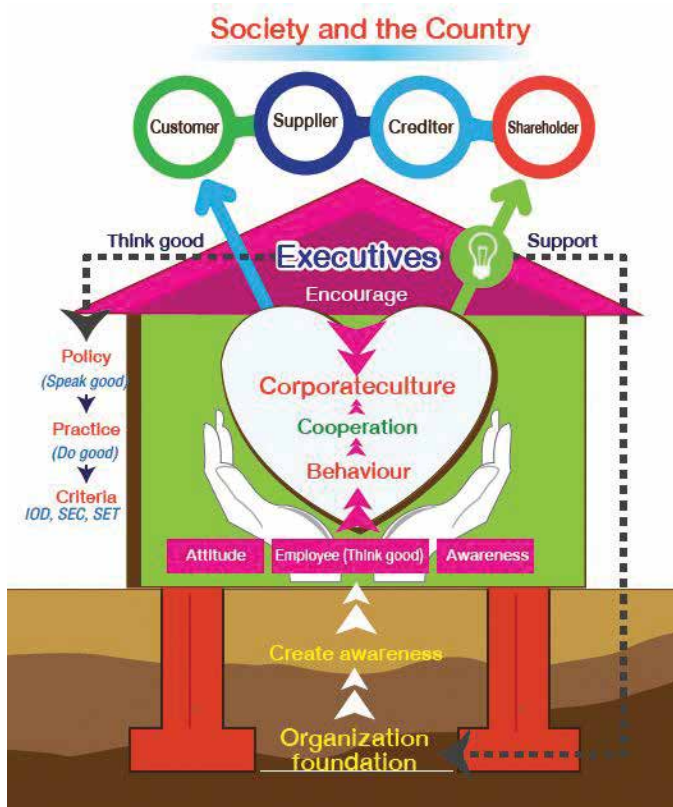
The adoption of policies and principles as well as the internal control system to prevent corruptions will bring about concrete and auditable transparency and good corporate governance. The Company fully hopes that all stakeholders will gain long-term benefits from such practice as follows:

1. **Shareholders** Gain confidence on a worthwhile return on investment.
2. **Employees** Receive fair treatment in performing their duties and are provided with channels to report on clues regarding corruption to Independent Directors.
3. **Business partners** Receive fair selection, contract agreement and evaluation.
4. **Customers** Having received good quality products and services.
5. **Contractors** Facilitated in a number of ways without being charged in activities such as loan procurement, receive payment on time, there shall be inspection to accept the work and the preparation of transportation routes of materials and equipment into and out of the construction area.
6. **Social and the Country** The state receives the right and full amount of tax which will further be used for the development of the country, while at the same time, the society will gain indirect benefits from the culture of honesty fostered among employees in the organization, which will further expand widely into the society.



(Dr. Prateep Tangmatitham)

Chief Executive Officer



Commitment and Policy

On 9 November 2010, the Company had expressed its intension to join Thailand's Private Sector Collective Action Coalition (CAC) organized by Thai Institute of Directors Association (IOD), Thai Chamber of Commerce, International Chamber of Commerce, Thai Listed Companies Association, the Thai Bankers Association, Federation of Thai Capital Market Organization (FETCO), Federation of Thai Industries, and finally signed on 22 May 2015 to be a member of the Partnership Against Corruption for Thailand Network (PACT Network).

Supalai Public Company Limited has in place an anti-corruption policy with the prepared

guidelines in writing included in the Ethics and Code of Conduct for the directors, executives, supervisors and employees, which has been approved by the resolution of the Board of Directors' meeting No. 10/2017 held on 10 October 2017. It had been updated three times already. In addition, the Board of Directors has established 4 policies related to anti-corruption measures, namely, 1) policy on anti-corruption, 2) policy on political support 3) policy on receiving and giving gifts, property or any other benefits 4) policy on whistleblowings or lodging complaints 5) policies on providing monetary support and 6) policy on charitable donations, all of which had already been approved by the Board of Directors. The Company had communicated such policies to directors, executives, supervisors and employees by requiring that all processes of operations be in compliance with the laws, while providing channels for whistleblowing or lodging complaints on dishonest acts, and has protective measures to protect the whistleblower. The details of the policies and actions related to the prevention of such acts are disclosed in the Company's website: <http://www.supalai.com> under the topic of Anti-Corruption Measures.

In implementing policies related to dishonest acts, the Company shall not allow such acts to take place within the Group Company and the companies under its control. It has, therefore, conducted risk assessment and set up practical guidelines for directors, executives, supervisors and employees to act according to the laws and business ethics, which shall have binding effect upon performing duty, relationship with customers and suppliers. For such purposes, the Company has prepared official policies approved by the resolution of the Board of Directors and disclosed to the public including suppliers and business partners, such as contractors, stores, customers, banks, competitors, etc. as shown in the policies related to anti-corruption measures as follows:

Policy on Anti-Corruption

The Company has complied with the Policy on Anti-Corruption by having implemented fair and transparent business competition strategies with an emphasis on the quality of products. Thus, the Company will not tolerate any form of corruptions, either by offering, promising, asking, demanding, giving and receiving bribes, persuading any person to commit illegal acts, or discrediting. The Company also requires that its policy against corruption be observed by all, be its employees at all levels including directors, executives, supervisors, general employees, its subsidiaries, or other companies under its control as well as persons relating to its business operations. Also, its policy covers the requirement that all concerned units in every locality in which the Company has operated observe this policy.

In addition, a thorough anti-corruption procedure is set up to ensure that all relevant practices are implemented in accordance with the regulatory policy. Such practices will be reviewed on a regular basis to keep up to date with constant change in business laws as well as to maintain the Company's reputation.

Policy on Political Contributions

The Company has complied with the policy to support democratic system by encouraging directors, executives and all employees, including employees of the companies under its control to exercise their political rights as good citizens. They can express, participate, support and exercise their right outside working hours by using their own resources. The Company has no policy for supervisors and employees at all levels to instruct or convince by any means the employees and subordinates to participate in the political activities of all types as it may cause conflicts within the organization.

Policy on Gift and Hospitality

The Company has operated its business with integrity and in compliance with the laws. Therefore, in order to maintain its reputation, the Company has adopted the policy regarding receiving and giving gifts, property or any other benefits that it can be done according to tradition, and morality as expression of gratitude or to maintain business relationship. However, the Company shall not support the receiving or giving inappropriate gift or property or any other benefits that can have influence on the decision in performing duty as it might result in the Company's loss of benefits.

Policy on Whistleblowing and Complaints

The Company has complied with the policy on reporting on clues or complains by opening a channel for accepting reports on clues and complaints on violation of laws or ethical conducts or illegal conducts and any misbehavior which implies dishonest act or improper act of any person in the Company, be it employees or any segments of stakeholders. In addition, the Company has implemented protective mechanisms for informants while placing high value on reported information and complaints to ensure the

confidentiality of informants and complainants by establishing a process of implementation, investigation of the fact, summary of results as well as clear measures to protect the whistleblower or the complainant. The clues or complaints can be informed directly via email, anti-corruption@supalai.com, which shall be directly reported to independent directors, and they can also be submitted to the opinion boxes installed on the fire exit stairs of each floor and project site.

Policy on Provision of Financial Support

The Company has complied with the Policy on Provision of Financial Support. The Company is committed to conducting business while caring for the society continuously. To conduct business with transparency, the Company has set up procedures for supervising items of provision of financial support by reviewing the approvals of the authorized persons of the Company. It has also required that there be reporting and monitoring of provision of financial support to ensure that the provision of financial supported has been used according to the objective of the request for financial supporting.

Policy on Charity Donation

The Company has complied with the Policy on Charity Donation. The Company is committed to conducting business while caring for the society continuously. To conduct business with transparency, the Company has set up procedures for supervising items of charity donation by reviewing the approvals of the authorized persons of the Company. It has also required that there be reporting and monitoring of charity donations to ensure that the money donated has been used according to the objective of the request for donations.

Regarding Corporate risk assessment, the company has established the dishonesty risk assessment in every unit of the Company and its subsidiaries. All the working units have to identify and rank the risks on corruption in their units by likelihood and effect and also figure out a risk reduction, prevention and countermeasures for possible corrupt actions, whereby the assessors shall assess risks with regard to type of business activity, operation procedures, industry conditions, business logic, related anti-corruption policies, as well as the available policy manual that specifically gives directions for each act of corruption, such as accepting-giving gift and hospitality, provision of financial support or political contribution that all executives, supervisors and employees of the Company and those of its subsidiaries are required to strictly follow as informed and trained.

The Company's risk assessment comprises the following procedures.

1. **Risk identification**, chief of each working unit of the Company and those of its subsidiaries shall identify possible risks.
2. **Risk assessment**, after the risks are identified, their impact on goal achievement as well as the likelihood and possible degree of impact will be assessed.

3. **Risk management**, strategies or activities shall be designed to keep risks at the Company's acceptable level. The Company shall have to consider whether existing risk management plans are adequate for risk reduction and impact mitigation.
4. **Controlling activities**, that is, the Company's policies or operation procedures namely approval, review, account reconciliation and division of work shall be applied to ensure appropriate and timely risk management.
5. **Risk Monitoring and reporting**, this is to monitor and improve the activities for assessment of all kinds of risks on a continual basis. Information on risk regarding dishonesty and corruption will be compiled and reported to the Risk Management Committee. The Committee assesses and analyzes risk, prioritizes risks, prescribes guidelines and strategy for managing risk regarding dishonesty and corruption in order to control the risk to be at acceptable level with optimal cost, then reports results of the anti-corruption risk assessment to the Audit Committee and the Board of Directors for consideration and granting approval.
6. **Communication** by arranging for communication on risk management according to the approval of the Audit Committee and the Board of Directors to concerned parties in order to prepare manuals and practical principles to be communicated to every member of the unit for acknowledgement and compliance.
7. **Following up** results according to opinions of the Audit Committee and the Board of Directors including the compliance with the practical manuals at least once a year.
8. **Reporting** by the Audit Committee on compliance with practical manuals to the Board of Directors annually.

Implementation

The Company's President is a role model leader of the organization who implements anti-corruption policies seriously, namely,

- Presenting commitment in fighting against dishonest acts through the message from the President regarding counter-corruption measures in order to notify all stakeholders,
- Adopting the intention to fight against corruption with the private sector's Collective Action Coalition,
- Being appointed as member of the Anti-Corruption Cooperation Subcommittee to consider Ministry of Finance's guidelines for cooperation to prevent malpractices and increase transparency in procurement,

- The President's signing to be a member of the PACT Network,
- Executives' cooperation in providing answers to the opinion survey of private companies relating to corruption problems of the IOD,
- The Company joined the anti-corruption day 2017,
- The President provided support to the knowledge test activity relating to counter-corruption measures via the Company's online system and presented rewards to employees with highest score.



Performing duties as a role model by the leaders of the organization in this manner can create confidence among all employee in order for them to join hands in fighting against dishonest acts, and all employees shall strictly comply with the counter-corruption policy. In addition, the Company has prepared practical methods to counter malpractices in order to control, prevent and monitor risk from such dishonest acts. The Company has disclosed such practices in its intranet and has provided knowledge regarding policies and methods to counter corruption on a quarterly basis via “Noo Dee’s Stories” Project, in which knowledge has been communicated to all employees of the Company and its subsidiaries through the Pop-Up emails on the computer screens of employees, public relations boards at various points in the Head Office and the office of every project of the Company, including its subsidiary Companies. All new employees have to learn and acknowledge the policies and practices regarding anti-corruption immediately after joining the Company and in every orientation course for new employees. The Company has also conducted public relations on such policies and practices to the third parties and all of its suppliers.

In addition, the Company has also established procedures to record and collect statistical data on the number of whistleblowing, types of clues, the number of clues that have been investigated, the summary results of the investigation of each complaint including the report on annual statistical whistleblowing or complaints to be submitted to the Audit Committee and the Board of Directors in writing. This is for the purpose of monitoring progress and improving the Company's operations to prevent the acts of corruption in all forms.

From the corruption risk assessment processes, the results were contributed to an anti-corruption policy and established operation guidelines to prevent corruption regardless of bribes, gifts, rewards, conflict of interest, etc. To ensure the policy compliance, responsible persons have been assigned to monitor risk-prone operation under the supervision of the management. The management has intention to encourage the Company's and subsidiaries' employees and contractors not to involve in corruption. Such intention was stressed to all business and trading partners at the annual thank-you party organized for the contractors. If contractors have any comment to express, or if any unfair treatment was found, they can directly make report or comment to the Company's senior executives or send via email at anti-corruption@supalai.com.

In 2017, the policies, operation guidelines, punishment, monitoring and review measures relating to countering dishonesty and corruption were included in the Company's Code of Conduct to be strictly complied with by directors, executives and employees of the Company. All employees are also required to sign to acknowledge the Company's policy every year.

Operation Procedures According to Counter-Corruption Measures

The Board of Directors and the Audit Committee are responsible to ensure that there be internal control system and to provide opinions on the sufficiency of such system by having carried out the assessment of topics according to the "Form for Assessment of Sufficiency of Internal Control System" of the Securities and Exchange Commission, Thailand and the Stock Exchange of Thailand implemented. Therefore, the assessment has been done within the scope of internal control of COSO (The Committee of Sponsoring Organization of the Tread way Commission). The COSO internal control scope comprises 5 chapters, namely, 1)Control Environment 2)Risk Assessment 3)Operation Control 4)Information System and Communication of Information and 5)Monitoring System. From the review of the internal control system, no weak point or defect has been found in important matter, whereby there has been approval and sufficient review in each step of the process, for instance, for the receiving-paying process, the power has been authorized to grant approval in hierarchical manner, which has been approved by the management. Accordingly, it can be confident that the internal control system is effective. Also, there has been division of duties and responsibilities in order to have a check and balance for all items incurred, etc.

The Company has assigned the Internal Audit Unit to monitor and assess the implementation of measures against dishonest acts, and has improved the operation process to be in line with relevant policies. Such monitoring and assessing guidelines of the implementation of anti-corruption measures are as follows:

1. **Adoption of Policies**, The Company has adopted anti-corruption policies in writing and required that directors, executives, supervisors and employees of the Company and its subsidiaries strictly comply with such policies.
2. **Monitoring and Assessment**, the Internal Audit Unit has monitored and assessed the compliance with anti-corruption measures by reviewing each step of working process which might contain the loopholes where dishonest act could be incurred in order to find ways and means for prevention which would also be set out as guidelines for practices.
3. **Improvement of Operation Process**, the process review results shall be used for improvement of operation guidelines, while the opinions of the Audit Committee and the Board of Directors obtained from the review of completeness and sufficiency of operation processes, the consideration results of investigation of complaints, results of risk assessment regarding dishonesty as well as opinions of employees expressed through emails as set out would also be used for improvement of the process, the guidelines for practices and relevant policies in order to reduce risk from dishonest acts.
4. **Monitoring of Operation Process Improvement**, there shall be monitoring of operation process improvement to ensure the implementation of proposed recommendations for improvement of the process, operation guidelines and policies in a truly and timely manner.
5. **Report on Results**, the Internal Audit Unit would report on results of the monitoring and assessment of the implementation of counter-corruption measures as well as the items to be improved and results of improvement to the Audit Committee on an annual basis in order to be reviewed of completeness, suitability and sufficiency of the process, operation guidelines and policies relating to counter-corruption measures. The Audit Committee shall then report such review results to the Board of Directors. Should there be any recommendations from the Audit Committee and the Board of Directors, the Company will apply them to improve the process, the operation guidelines and relevant policies in order to increase internal control efficiency.

Results of Countering Dishonesty and Corruption Operation

The Company has taken actions to prevent participation in dishonest acts and corruption as follows:

1. The Company has set out policies relating to countering dishonesty and corruption to be complied with by the directors, executives, supervisors and all employees of the Company as well as employees in the subsidiaries, or other companies under its control. Such policies are also included in the ethics to be strictly complied with by directors, executives and employees of the Company.

2. The Audit Committee has the duty to oversee and review the implementation of counter-corruption measures under the control, prevention and monitoring of risk from dishonest acts of the management which has set out clear policies and operation guidelines. The Audit Committee shall then report the results to the Board of Directors.
3. The Company has arranged for efficient internal control system that covers financial and accounting matters, as well as the assessment of sufficiency of internal control system to be presented to the Audit Committee on a yearly basis including the storage procedures of documents and various records according to the prescribed accounting principles.
4. The management has provided support with knowledge in complying with the count-dishonesty measures as well as having expressed its determination and commitment to prevent dishonest acts to all employees of both the Company and those of its subsidiaries, and other companies under its control and all groups of stakeholders.
5. The Company has arranged for channels to report on clues or complaints when seeing any dishonest acts, and provided protection measures for persons who report or persons who provide the information. The Company also welcomes suggestions, opinions and inquiries regarding the compliance with measures against dishonest acts via email at anti-corruption@supalai.com, and opinion boxes installed at fire exit stairs of each floor.
6. The Company has assessed the risks regarding dishonesty and corruption in every unit of the Company and its subsidiaries.
7. The Company has appointed the working group to develop the counter-corruption system by involving the employees to jointly press forward, promote and develop the implementation of the counter dishonest acts inside the organization.
8. The Company has organized campaigns to counter dishonesty and corruption, such as publicizing the policies relating to counter dishonesty and corruption among all groups of stakeholders via the Company's website (www.supalai.com), and disseminated among all employees through emails and intranet including organizing orientation for new employees in order to have knowledge on policies and practices against dishonest acts. The public relations is organized to provide knowledge relating to measures against dishonesty and corruption as well as providing public relations leaflets and brochures in every project of the Company; and organized activities such as reward winning contests, answering questions, test of knowledge on counter dishonest acts and participating in the activities on national counter-corruption day every year.

Channels for Clue Reporting on Corruption

The Board of Directors has provided channels for the employees and all groups of stakeholders to report on clues or complaints on illegal or dishonest acts or acts against ethics or circumstances indicating dishonesty or improper acts of persons in the organizations or any right violations by the employees and all groups of stakeholders who can report on clues or complaints via channels as follows:

- email at anti-corruption@supalai.com, which shall be directly reported to independent directors
- opinion boxes installed at fire exit stairs of each floor and all project site
- hotline number at 1720



Procedures for Dealing with Complaints on Dishonest Acts

The Company has established procedures for dealing with complaints on dishonest acts as follows:

1. **Receiving complaints**, when the clue or dishonest act is reported, the coordinator would register the receipt of such matter.
2. **Investigation, the investigation** committee shall be appointed to carry out the investigation and further submit the results to the Audit Committee.
3. **Report on result, the Internal** Audit Unit shall summarize details of the complaints, the investigation and the consideration results to be submitted to the Audit Committee. The Audit Committee shall then make conclusion of the consideration and provide recommendations to be further submitted to the Board of Directors of the Company.

4. **Notification to the clue reporting persons or the complainants**, the result of the consideration shall be notified to the clue reporting persons or the complainants, or they shall be notified after the investigation results have already been reported to the Board of Directors of the Company.
5. **Monitoring and reporting of results**, in case the Audit Committee or the Board of Directors has provided recommendations or opinions on the improvement of the operation practices to prevent dishonest act, the Internal Audit Unit has the duty to monitor and report the results of improvement to the Audit Committee and the Board of Directors.

Protection Measures for Clue Reporting Persons or Complainants

The Company has adopted the policy to protect clue reporting persons or the complainants regarding dishonest acts as follows:

1. The Company shall keep confidential the information and the persons reporting on clues, or complainants as well as the persons subject to the complaints.
2. The Company shall disclose the information as may be deemed appropriate by taking into consideration the safety and damage of the persons who report the information or relating persons.
3. The injured parties shall be remedied according to suitable and fair process.
4. In case the whistleblowers or complainants or persons cooperating in the fact-finding investigation may be unsafe or suffer damage, such persons can request the Company to provide suitable protection measures, or the Company may provide such measures without being requested by such complainants or cooperating persons in the fact-finding investigation if finding that they may face with trouble, damage or unsafe situation.
5. The Company shall not do any unfair act towards the persons reporting clues or the complainants, either by changing the position, nature of work, place of work, or suspension of work, threatening, causing disruption of work, termination of employment, or doing any act that is unfair to the persons reporting clues, or complainants or persons cooperating in the fact-finding investigation.
6. In practice, the Company shall not degrade the position, impose penalty or impose negative effects on employees who refuse the act of corruption.

Provision of Knowledge on Measures to Counter Dishonest Acts to all Directors, Executives, Supervisors and Employees

The Company has organized orientation course to every new employee to be well-equipped with knowledge on measures to counter dishonest acts. Also, public relations news has been posted on the PR sign boards or pop-up message on computer screens and emails to all employees of the Company and those of the subsidiaries on a quarterly basis. In addition, the activities to create counter-corruption culture in the organization have been organized, such as the yearly test on knowledge regarding measures to counter dishonest acts, the knowledge board, the question-answer contest for rewards, which are welcomed by the employees. Additionally, the President also reiterated in the New Year celebration event that all employees recognize the counter-corruption benefits.

In providing such knowledge to directors and top executives, the information on policies against dishonest acts, guidelines, results of implementation of policies, manual for the implementation of policies and benefits from such policies have been proposed through the Management Committee, the Executive Committee and the Board of Directors.



“Public Relations News “Noodee’s Stories”



“Public Relations via Company’s Intranet”



“Knowledge board was set up together with the question-answer contest for rewards during annual new year celebration”



ระบบจัดการแบบทดสอบ ONLINE

อินลิคชั่นระบบ คุณได้สำเร็จแล้ว

แบบทดสอบ	จำนวน ข้อ	ระยะเวลาในการทำ ข้อสอบ(นาที)	เกณฑ์ ผ่าน	ฝ่ายที่ออก ข้อสอบ	จำนวนครั้งที่เข้าทำ แบบทดสอบ
แบบทดสอบ Good Governance Risk Management and Compliance (GRC) ประจำปี 2560	20	60	60%	ตรวจสอบ ภายใน	1

บริษัท สุภาลัย จำกัด (มหาชน)
1011 อาคารสุภาลัย แกรนด์ ทาวเวอร์ ถ. พระราม 3 แขวงคลองบวร
เขตยานนาวา กทม. 10120
โทร. 02-725-8888
แฟกซ์ 02-683-3888

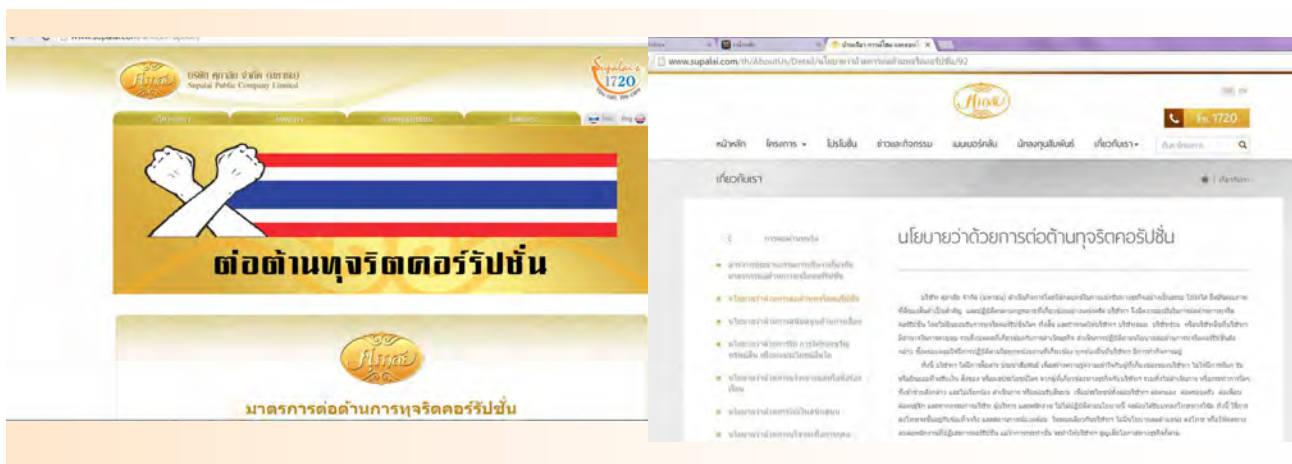
Copyright © 2013 Supalai Public Company Limited. All rights reserved.

“Annual Knowledge Test of 2017”

Communication with Stakeholders on Measures against Dishonest Acts

The Company has publicized anti-corruption measures to all employees through public relations sign boards, emails and intranet of the Company as well as publicizing to all groups of stakeholders, namely, shareholders, suppliers, competitors, customers and shops through the Company's website (www.supalai.com). Also, the communications have been made via public relations leaflets and letters requesting for cooperation in complying with counter-dishonest acts, which is a compliance with the policy regarding practices towards customers and suppliers relating to the Company's treatment towards customers and suppliers without demanding dishonest benefits. Additionally, there has been risk management regarding malpractices, whereby the executive of each department has issued letters to sub-contractors, suppliers to establish channels for whistleblowers via the Company's email, anti-corruption@supalai.com. This has been done to send the message to stakeholders to acknowledge policies and guidelines to prevent malpractices in the Company, to acknowledge the channels for whistleblowers and to establish participation of stakeholders in order to achieve the commitment to prevent malpractices and the objective of the Company as has been set out.

Not only the Company's employees who acknowledge practices regarding anti-corruption, the Company has also provided communication to applicants who are interested in joining the Company via the job application form and through interviews with candidates regarding their attitudes on anti-corruption.



“Dissemination via Company’s Website”



“Public Relations Brochure”



Monitoring

The Board of Directors has the duty to annually review the suitability of the anti-corruption policies by taking into consideration the effectiveness of the policies, the implementation of the principles of good governance, and the recommendations of the Board of Directors on the development and improvement of policies in the past. Each year, the Internal Audit Unit shall report on compliance with anti-corruption measures to the Audit Committee. The Audit Committee shall then further the report together with their opinions and recommendations to the Board of Directors for consideration respectively.

The Company has monitored and assessed the implementation of the anti-corruption measures by establishing clear procedures, operation methods, process, roles, powers and duties of responsible persons, monitoring and assessing guidelines, methods for reporting of results and correction steps. The Board of Directors has assigned the Audit Committee to monitor and ensure that the Company's operations are carried out according to the anti-corruption policy prescribed in the regulations of the Audit Committee. In addition, the Company has also compiled suggestions from the employees regarding dishonest acts via emails and suggestion box for further improvement of policies and guidelines to prevent risk from dishonest acts.

In 2017, the Company and its subsidiaries did not have any legal dispute or violation of the law regarding dishonest act, neither pending investigation nor legal proceeding, nor adjudicating by the court.

Corporate Governance

The Board of Directors of Supalai Public Company Limited is well aware of the importance of corporate governance and responsibilities to the society in the belief that good corporate governance will be a key element in enabling its business to achieve success. It will also create confidence that there is efficient management system with transparency and accountability to ensure confidence of shareholders, investors, stakeholders and all parties concerned, which will bring about sustainable growth with quality and add value to the business. The Board of Directors understands its roles, duties, and responsibilities to the shareholders, as well as various parties concerned, and is determined to conduct business under good corporate governance principles in accordance with good practices or regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand as well as other concerned regulations.

Corporate Governance Policy, Code of Conduct

In 2017, the Board of Directors set out the “Corporate Governance Policy Handbook” in accordance with the approval of the Board in writing by Directors’ meeting. The handbook encompasses details on the implementation of good corporate governance guidelines, roles and duties of the Board of Directors, as well as the practice guideline for the management and internal control system. Furthermore, the Board has arranged for the review on the part of the Code of Conduct of directors, executives and employees “Code of Conduct” to be conducted on an annual basis. In this year, the Code of Conduct Handbook has been developed for employees to illustrate examples of appropriate and inappropriate situations to act so as to be in compliance with the good corporate governance principles of the Stock Exchange of Thailand and best practices of corporate governance development projects and the best practices outlined in the corporate governance development project for listed companies. The Company also established a communication channel through its intranet system for the directors, executives and employees to understand and implement as operational guidelines when dealing with all groups of stakeholders. These guidelines are used as a standard in compliance with the Good Corporate Governance Policy to 5 chapters of corporate governance, which consist of the following : 1) Shareholders’ Rights 2) Equitable Treatment of Shareholders 3) Roles of Stakeholders 4) Information Disclosure and Transparency and 5) Board Responsibilities, the pictures can be illustrated as follows:



In this regard, the company has disseminated the “Corporate Governance Policy Handbook” and the “Code of Conduct” on the Company’s website to inform third parties. The Company has implemented a guideline for encouraging, supervising and followup the Directors, executives and employees to Comply with Code of Conduct.

Promoting Compliance with the Code of Conduct

- Prepare the Business Code of Conduct (synopsis Edition) and disseminate to directors, executives and employees via its Intranet system, company website for their information.



- Provide knowledge regarding compliance with the Code of Conduct in the orientation of new employees.
- Organize CG Day event to put in knowledge and raise awareness for compliance with the Code of Conduct.
- Prepare E-News to disseminate information in respect of business code of conduct and good corporate governance, using Pu-Tham as the character.



Preventing Incident and Behavior that Might be Unethical

- The Board of Directors has appointed the Corporate Governance Committee, with the scope of responsibilities and duties clearly defined.
- Organize the meeting of the Corporate Governance Committee at least once a year in order to report the result of compliance with the Code of Conduct.
- Directors, executives and employees of Supalai Public Company Limited and its subsidiaries have to study and understand the Handbook on Code of Conduct (Synopsis Edition) and sign their names as a commitment on Google Form, the pictures can be illustrated as follows:

To acknowledge the Handbook on Code of Conduct for the year 2017

To study Code of Conduct from Intranet/Corporate Governance and Quality System Department/Corporate Governance/Code of Conduct

E-mail Address

Your E-mail Address

Download Code of Conduct from link below

https://drive.com/file/d/oB_zwB8nlnjhSTjFZZnp0QnlnTg/view

Name-Surname (Not prefix)

Listening to the Opinions, Both Positive and Negative

- Arrange channels for opinion listening, two-way communication via Email : Pu-tham@supalai.com.
- Analyze initially the suggestions received for submitting to the Corporate Governance Committee and the Board of Directors for instruction.

Monitoring and Evaluation

- Arrange a test through E-Learning Program once a year to measure knowledge and understanding of employees regarding compliance with the Code of Conduct and report results to the Corporate Governance Committee and the Board of Directors for information and consideration.
- Take the topic under the testing result of which most employees gave wrong answer for communicating through E-news and CG Day.

The Code of Conduct for directors, executives and employees are regarded as disciplines that all personnel must strictly adhere to. Any persons violating or not following the principles of the Code of Conduct will be subject to disciplinary actions.

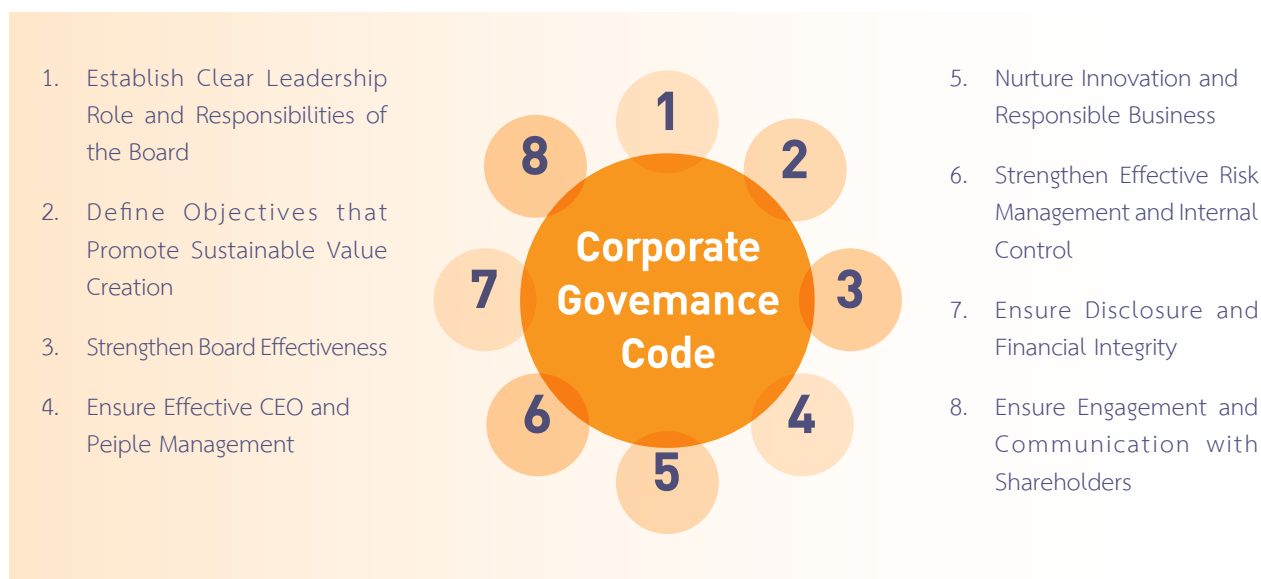
Directors, executives and employees of the subsidiary companies are obliged to follow and encourage others to follow the Code of Conduct. The following actions shall be regarded as violation of the Code of Conduct:

- 1) Do not comply with the Code of Conduct.
- 2) Advice, encourage or support others against the compliance with the Code of Conduct.
- 3) Be negligent and inactive when exposed to a violation or non-compliance with the Code of Conduct in case that they know or should know as such a violation or non-compliance is related to the work under their responsibilities.
- 4) Do not cooperate or impede the investigation and fact-finding into the claim of a violation or non-compliance with the Code of Conduct.
- 5) Perform unfair actions towards others due to lack of reports in case of non-compliance with the Code of Conduct.

With regard to the above-mentioned actions against the Code of Conduct, those committing such actions are subject to disciplinary penalties as set out by the Human Resources Department. In addition, any employees taking any action which is an offence according to laws may be punished by law.

Therefore, executives on behalf of supervisors, must pay close attention to the matter and advise their sub-ordinates to strictly comply with the Code of Conduct and may provide development support as deemed appropriate. Importantly, directors, executives and employees must also strictly adhere to the Code of Conduct.

Since the Company attaches importance to and focuses on the development of good corporate governance, the Board of Directors encourages that there be compliance with good corporate governance principles continuously and reviews the application of 8 clauses of CG Code as follows:



In 2017, the Company has adopted the CG Code by integrating as part of its objectives and business strategy by adopting it as requirement of the Board of Directors and sub-committees as policy, Code of Conduct Handbook (Summarized Version). Accordingly, the event on Innovation Awards 2017 was organized. Also, it has been ensured that there be regulatory mechanism of the operation, the transparent management decision making with accountability, while the rights of shareholders and stakeholders are respected equally in order to create confidence of shareholders and stakeholders in the Company, and for long-term operational result. Due to the Company's commitment to develop good corporate governance, it has, as a result, won the following awards and good corporate governance assessment score from external agencies as follows:

- Supalai Public Company Limited received "Thailand Sustainability Investment award 2017" from SET Thailand. The award was given to listed companies with outstanding performance in sustainability development and enhancing the development of social enterprise for 3 consecutive years.
- Supalai Public Company Limited has been awarded the rank of "Excellence" of group rating of the survey of corporate governance report of the Thai Listed Companies of 2017 organized jointly by the Thai Institute of Directors Association, the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, Thailand for 5 consecutive years from the year 2013 to 2017 consecutively.
- Supalai Public Company Limited has received with the full assessment score of 100 for the quality assessment for the arrangement of the Shareholders for 5 consecutive years from the year 2013 to 2017 consecutively.

The Company established a Compliance Unit (For details, please refer to: Company's Operation Supervisor) to supervise, monitor and ensure that the Company's directors, executives and employees comply with the requirements of external regulatory organizations, In 2017, directors, executives and employees of the Company, as well as, employees of the subsidiaries and associated companies followed the guidelines on Corporate Governance along with the Code of Conduct as well as other policies concerned. The details are as follows.

Chapter 1: Shareholders' Rights

The Company recognizes and attaches importance to the rights of shareholders. It, therefore, shall not violate or reduce the rights of shareholders, instead, the basic rights will be provided to them on an equal basis, such as declaration of ownership in shares, the right to purchase and sell or transfer shares, repurchase of shares, the rights to receive dividend, to have a share in profit of the business and to consider all forms of remuneration, to receive sufficient data and information of the Company in a timely manner, to attend the shareholder's meeting or to authorize the proxy to attend the meeting to exercise their rights to appoint or remove directors, auditors and matters having impact on the Company, etc.

The Company does not have a policy to create a mechanism that prevents the taking over of the Company business and makes the management or persons who have power manage the Company without transparency and efficiency. The shareholding structure of the Company does not include cross-holdings or pyramid schemes among its group of companies. The Company has a free float over 40 percent of issued shares. (see details on the website of the Office of Securities and Exchange Commission, Thailand). In addition, The Company has observed the policy on treatment of shareholders by requiring that the Board of Directors respect the rights and treat all shareholders equally, especially the small shareholders, foreign shareholders and institutional shareholders, not limiting to only legal rights. The Company has performed its duties and operated business with honesty, transparency and accountability towards shareholders, while managing and caring for the Company's assets not to be depreciated, lost or wasted. It also shall not do any act for personal gains or the gains of related persons. The Company also has the policy to facilitate and encourage every shareholder and shareholders who are institution investors to attend the Company's shareholders' meetings, while ensuring that the policies are observed in order to conduct the meeting in compliance with the laws and guidelines for shareholders' meetings. In 2017, the Company's shareholders had the following rights;

1.1 Rights to Receive Share Certificates and Rights to Buy, Sell or Transfer Shares

The Company has appointed the Thailand Securities Depository Co., Ltd. to perform the duty as its securities registrar to provide convenience to shareholders regarding securities registration matters of the Company.

1.2 Rights to Propose Meeting Agendas in Advance, Nominate Persons to be Appointed as Directors and to Pose Questions Relating to the Company

The Company has set out criteria in proposing agenda, nomination of persons for appointment as directors and raising questions about the Company. This is to encourage small shareholders to participate in overseeing the Company and to select qualified directors, who can perform their duties effectively for the best interests of shareholders and all groups of stakeholders (The criteria are posted on the Company's website (www.supalai.com) in the Investor Relations section under the "AGM"). For the 2017 meeting, the Company has published the criteria on both its website (www.supalai.com) and that of the Stock Exchange of Thailand from 12 October 2017 to 5 January 2018 in order for shareholders to nominate persons to be elected as directors, propose agendas and inquire about the Company. During such period of time, none of shareholders had made any proposal or nomination.

1.3 Right to Attend Shareholders' Meetings

• Shareholders' Ordinary Meeting

The shareholders had been informed of the 2017 shareholders' meeting in advance since 12 October 2017 to enable them to plan for the meeting. In each year, the Company will arrange Annual General Meeting of Shareholders within not more than 4 months from the end of its fiscal year. Being aware of the shareholder rights, and to enable them to fully exercise their rights in the meeting, the shareholders are given an opportunity to propose the agendas for the meeting as well as the list of persons to be appointed as Company directors, and advance questions to the Company in both Thai and English, via the Company's website (www.supalai.com) at least 3 months prior to the closing date of the accounting year of the Company. In the past year, the Company had already notified its shareholders via the SET and its website since 12 October 2017 to 5 January 2018, for maximum benefit to the shareholders, the Company has posted in its website the criteria and supporting information, both Thai and English, for the meeting to give its shareholders time to study the information before the meeting. On the date of the shareholders' Annual General Meeting of Shareholders, the Board of Directors, Board of Advisor and the executives responsible for finance-accounting and certified public accountant would attend the meeting and be ready to answer questions.

In 2017, the Company organized the Annual General Meeting of Shareholders on 21 April 2017 and the Extraordinary General Meeting of Shareholders on September 2017 at Supalai Grand Tower, Rama 3 Road, Bangkok.

- Take the expressway via Dao Kanong and take Rama 3 exit (Chongnonsi-Nang Linchee road) then take the flyover bridge of 1 junction and turn left and pass through the tri-section traffic lights, go straight for 500 meters, then make a U-turn, Supalai Grand Tower is on the left.

- Take Bhumipol 1 Bridge and Bhumipol 2 Bridge from Suksawad road or Samut Prakan Province or Samut Sakorn Province to the exit on Rama 3 road, after reaching the traffic lights turn right, go straight for 500 meter, then make a U-turn, Supalai Grand Tower is on the left.
- From Thapra junction, go to Krungthep Bridge and to Rama 3 road, then get on the flyover until seeing the Head Office of Krungsri Bank (on the right), then do not continue on the bridge but go on normal road, Supalai Grand Tower is on the left. (take the bus number 205)
- From Asok-Sukhumvit junction, come straight passing Sirikit National Convention Center and on the flyover bridge at Klong Toei to Rama 3 road and on through 2 junctions flyover bridges. After leaving the bridge and passing the tri-junction before getting on Bhumipol 1 Bridge, go straight for 500 meter, then make a U-turn, Supalai Grand Tower is on the left. (take the bus number 205)
- From Silom-Sathorn, take Narathiwat Ratchanakkarin road until reaching Rama 3 road, then turn right and go through the tri-junction before the road to Bhumipol 1 Bridge by going straight for 500 meter, then make a U-turn, Supalai Grand Tower is on the left.
- Take BTS
 - Get off at Asok Station, take the bus number 136 (Mo Chit Mai – Khlong Toei) to the terminal at Khlong Toei, and take the bus number 205 (Khlong Toei – The Mall Tha Phra) to Supalai Grand Tower, which is on the right hand side.
 - Get off at Talad Phlu Station, take the bus number 205 (The Mall Tha Phra - Khlong Toei) to Supalai Grand Tower, which is on the left hand side.
- Take MRT
 - Get off at Sirikit Convention Center Station, take the bus number 205 (Khlong Toei – The Mall Tha Phra) to Supalai Grand Tower, which is on the right hand side.

• **Invitation Letter to Attend the Meetings**

The Company delivers an invitation letter to a meeting of shareholders with required documents to the shareholders to study in advance at least 21 days before the meeting date, both in Thai and English. The shareholders will then be well-prepared for the subjects to be considered at the meeting and also for their consideration whether to attend or not. The documents will include objectives and rationales along with opinions of Sub-Committees and the Board of Directors to support the consideration of each agenda clearly.

The Company clearly defines the agenda topics for the shareholders' meeting and the Extraordinary General Meeting of Shareholders (EGM) with no other agendas being proposed in the meeting. The Company will avoid adding any agenda that had not been identified in advance as it will not be fair to the shareholders who are unable to attend the meeting. Regarding the appointment of directors, the Company will provide

the names and brief bio-data of each director to be appointed to the shareholders. Similarly, as for the appointment of the auditor, the Company will clearly identify the name of the auditor, his/her affiliated company, experience, skills, independence and the length of duration that the proposed auditor had been the auditor at the Company including his/her audit fees. Also, the Company will propose at the meeting to pay the dividend (if any). The Company's dividend policy will be announced with the dividend rates being proposed to the shareholders along with reasons and background information. (For details, see "Policy on Dividend Payment of the Company and the subsidiaries"). In regard to the shareholders' meeting, in the invitation letter, the company will present the list of 3 independent directors in order for the shareholders absent from the meeting to choose whether to appoint independent directors or other shareholders as their proxies at his/her own discretion. With respect to the voting of each agenda, the shareholders can vote as pre-specified in proxy forms or their proxies can vote for all agendas at the meeting.

In addition, the Extraordinary General Meeting of Shareholders No. 1/2017 held on 12 September 2017 resolved to approve that the Company increase the capital and suspend dividend payment for 1 year for the operational result of 2017.

- **Meeting Invitation**

Thailand Securities Depository Company Limited the Company's share registrar, is responsible for forwarding an invitation to attend the meeting along with supporting documents for various agendas with adequate details for decision making as well as proxy forms as prescribed by the Ministry of Commerce and annual report to the shareholders not less than 21 days before the date of the meeting. This is to give its shareholders and institutional investors time to study details of each agenda and to make preparation for proxy where it is not convenient to attend the meeting on one's own. In addition, the stamp duties for affixing on the proxy forms are also provided free of charge to lessen the burden of shareholders as well as for their convenience.

Furthermore, the letter of invitation, supporting documents and proxy forms, both Thai and English, would be posted in the Company's website (www.supalai.com) more than 30 days before the meeting, as another channel of information for shareholder such is the same information forwarded by the Company to its shareholders in documentation form. The meeting notification would also be advertised in the newspaper for a period of 3 consecutive days – 14 days before the meeting as stipulated by the laws.

The Company always informs its shareholders in the letter of invitation to attend the meeting of their legal voting right, principle and procedure. There would not be any other agenda added without prior notice except in case of urgency arisen after forwarding the invitation letter, or upon any urgency relating to or affecting the shareholders' interest and it is necessary to propose that as a special agenda. In such case, the Company would urgently call an Extraordinary General Meeting of Shareholders which the Company Secretary will take the minutes of the meeting properly and completely of every agenda to be further examined by its shareholders.

The shareholders who wish to propose the agenda must possess the following qualifications:

1. Being the shareholder(s) of the Company which can be either one shareholder or combined shareholders.
2. Holding not less than 5 percent of the total voting rights of the Company.
3. Must hold those shares as stipulated in 2 on the date on which the agenda.
4. Must hold those shares as stipulated in 2 on the book-closing date in order to determine the right of the shareholders to attend the AGM of that year.

Please note that, if, after the Company having checked the name of the shareholder(s) and it is not in accordance with Criteria, the Company reserve the right for consideration even though the same has been included in the notice of the Annual General Meeting (AGM).

The Nomination and Compensation Committee will screen the lists proposed by the shareholders to see whether the persons nominated are qualified or not, accordance with the criteria for Nomination of Qualified Candidate for Directorship, has announced via the Company's website since 12 October 2016.

• **Shareholders' Meeting Procedures**

On the meeting date of the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders, the Company would have registration officers ready 2 hours before the meeting and until the end of the meeting to provide convenience to shareholders and proxies who attend the meeting. In addition, there has been an application of electronic and barcode technologies for the Annual General Meeting of Shareholders (AGM) and the Extraordinary General Meeting of Shareholders (EGM), e-Registration, as well as the e-Voting system beginning from the preparation of information for the members attending the meeting, printing of voting ballots and compiling of voting results according to the agendas and minutes of the meeting to facilitate the shareholders' meeting as well as organizing a reception for shareholders attending the meeting.

The Company encourages its shareholders to use voting ballots for every agenda by preparing voting ballots separately for each agenda to enable shareholders to cast their votes as deemed appropriate. The voting ballots would be collected in the meeting room.

Before the meeting begins, the chairman would assign the Company Secretary to inform the meeting clearly of the voting and vote counting procedures for each agenda under the articles of association, as well as the requirement that the voting ballots be used for every agenda in order for the shareholders to exercise their voting rights as may be deemed appropriate for each agenda.

Explanation on voting procedures and vote counting are as follows:

- The Company used barcode system to facilitate the vote-counting process.

- The shareholders had the right to vote according to the number of shares held, wherein one share was equal to one vote.
- For each agenda item, each shareholder was eligible to cast his/her votes, to either approve, disapprove, or abstain from voting. Split votes in other ways were disallowed.
- The vote-counting shall be made of the votes of shareholders attending the meeting and shareholders having appointed proxy recorded in advance by the Company when the proxy registers to attend the meeting. There shall be 3 types of vote-counting as follows:
 - 1) For the agenda to be approved by the majority vote of the shareholders who attended the meeting and casted their votes, the Company shall calculate the vote base by counting only the votes of the shareholders with voting right, who approve and disapprove. The votes of the shareholders who abstain from voting shall not be counted.
 - 2) For the agenda to be approved by the majority vote not less than three-fourths of the total number of votes of shareholders who attended the meeting with voting right, the Company shall calculate the voting base by counting the votes of all shareholders attending the meeting with voting right, who approve, disapprove and abstain.
 - 3) For the agenda to be approved by the majority vote not less than two-thirds of the total number of votes of shareholders who attended the meeting with voting right, the Company shall calculate the voting base by counting the votes of all shareholders attending the meeting with voting right, who approve, disapprove and abstain.

If there is a tie of votes, the Chirman of the meeting shall have a casting vote.

- Each shareholder was eligible to cast his/her votes, to either approve, disapprove, or abstain from voting from on any agenda should indicate their votes on the ballot and submit only votes cast in disapprove and abstention to the Company's officers for vote counting. But votes cast in approve will be kept after the end of the meeting.
- In the vote-counting process, the Company would deduct votes of the disapprove and abstion out of the total number of votes at the meeting in the agenda. And the rest will be the votes in approval. In consideration such votes will account for a shareholder vote by proxy with intent.
- As the counting of votes for each agenda shall be counted from the vote of the shareholders attending the meeting and entitled to vote on the agenda. It may have shares and number of votes on each agenda item which are not equal. This is because there may be some left the meeting or more incoming.
- For details on the voting results of each agenda item, the Chairman asked the meeting to consider action on all agenda items for the meeting is ongoing. When officials count the votes has been completed, it will prompt the meeting details of the results after the end of the meeting Agenda.

- If the shareholders wish to ask questions or comment at the meeting, they can raise their hands to do so before voting at the end of each agenda.

For the selection of directors, the vote would be cast individually to enable shareholders to elect the preferred directors, whereby the Company would nominate names to be voted one by one. For transparency of this agenda, every shareholder who either votes for, approve, disapprove or abstains, was required to vote by using ballots, which would be collected by the officers after all the votes have been cast. Each director who is elected must receive more than half of the entire votes cast by shareholders who attend the meeting and have the right to vote.

The shareholders who attend the meeting after the beginning time are entitled to exercise their voting rights or to cast their votes for the agenda during consideration and not yet voted, and the Company attendees would also be given an opportunity to raise questions or to give opinions with reasonable time for discussion. The issues of the questions and answers would be recorded in the minutes of the meeting in order to inform the shareholders who had not attended the meeting, and the chairman would conduct the meeting according to the agendas and would not add any agenda without notifying the shareholders in advance.

In 2017, the Company organized the Annual General Meeting of Shareholders of 2017 on 21 April 2017 and the Extraordinary General Meeting of Shareholders No. 1/2017 on 12 September 2017 at Supalai Grand Tower, Rama 3 Road, and Bangkok. On the meeting date, the Chairman of the Board presided over the meeting to meet and answer questions posed by shareholders regarding the management of the Company. The chairman of every Sub-Committee, Board of Advisor and Company Secretary, totaling 13 persons, had attended the meeting by the concerted as follows:

1.	Dr.Prateep	Tangmatitham	Chairman of the Board and Chief Executive officer
2.	Mrs.Ajchara	Tangmatitham	Director and Executive Vice President
3.	Mr.Tritecha	Tangmatitham	Director and Managing Director
4.	Mr.Prakit	Pradipasen	Independent Director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation committee
5.	Assoc.Prof.Dr.Virach	Aphimeteetamrong	Independent Director
6.	Assoc.Prof.Dr.Somjai	Phagaphasvivat	Independent Director and Chairman of the Corporate Governance Committee
7.	Mr.Anant	Gatepithaya	Independent Director and Chairman of the Risk Management Committee
8.	Assist.Prof. Aswin	Bijayayodhin	Independent Director
9.	Mr.Atip	Bijanonda	Director

10. Mr.Prasas	Tangmatitam	Director
11. Mr.Krid	Chancharoensuk	Director
12. Dr.Sahas	Bunditkul	Board of Advisor
13. Mrs.Varunee	Lapitananuvat	Deputy Managing Director and Company Secretary

Furthermore, the Company had invited two persons, namely Miss Krongkaew Limkittikul and Mr.Thanrawe Pattarawinit are the auditor from EY to attend since the meeting in order to listen to the opinions and answer questions raised by shareholders.

In the meeting, the Chairman explained before the meeting began how to vote and how to count the votes, as well as the requirement to use voting ballots for every agenda. The chairman also asked for concurring opinion that for those who attended the meeting later, they would be considered as forming a quorum and given voting rights from the beginning agenda, of which the meeting gave concurrence. To proceed with the meeting, the Chairman presented matters in the order of agendas and gave time for questions of each agenda. For other matters apart from the agendas, there was question time in the latter part, of which every shareholder had equal rights and was given reasonable time.

• **Shareholders' Meeting**

The meeting of shareholders will be facilitated by the Company, ensuring that it does not contain any complicated procedure or limit the opportunity of those who wish to study the information of the Company. In addition, the Company shall not perform in any way that creates barriers to or hinders effective communication among shareholders. The Company shall take into account the convenience of the participants by not organizing the meeting on traditional holidays or holidays of commercial banks. Also, it shall conduct the meeting during appropriate period, that is, during 8.30 - 17.00 hours and the venue is at the headquarters of the Company, which is in the area of Bangkok, and convenience is provided such as having the staff to provide sufficient convenience, to check documents and provide lunch for shareholders attending the meeting, while convenience is provided for the elderly and the disabled as well as security system and emergency plan for the participants.

In 2017, the Company organized the Annual General Meeting of Shareholders on 21 April 2017, of which 11 directors (the total number of directors is 11) and 1,561 shareholders attending the meeting. There were totaling 1,101,415,890 shares or 64.1644 percent of all outstanding shares (the total paid-up shares of the Company are 1,716,553,249 shares), comprising 132 shareholders who attended the meeting themselves with total shares of 532,438,108 shares, amounting to 31.0179 percent of all outstanding shares, and 1,429 proxies with total shares of 568,977,782 shares, amounting to 33.1465 percent of all outstanding shares, forming a quorum under the articles of association and under the Public Limited Company Act, i.e. not less than 25 shareholders must attend the meeting, either by themselves or by proxy, and with total shares of

not less than 1/3 of all the sold shares. In addition, for transparency and to be in accordance with the best practice in organizing the shareholders' meeting of listed companies, volunteers Mr.Thanrawe Pattarawinit is the auditor from EY was requested to observe the vote counting at the counting point. In addition, the voting ballots signed by the above witnesses were kept for later examination. At each agenda of the meeting, the Company held the voting and recorded resolution of the meeting clearly whether approve or disapprove or abstain from voting.

- **Disclosure of Results of the Meeting**

The Company had disclosed the resolutions of the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders with result of the vote in a letter to the Director and Manager of the Stock Exchange of Thailand and on the Company's website (www.supalai.com) within 1 day after completion of the meeting, which was on 21 April 2017 and 12 September 2017 (respectively) as well as the minute of the meeting with the votes for each agenda and important questions or suggestions fully recorded. The minutes of the meeting had been forwarded to the Stock Exchange of Thailand (SET), the SET's Board of Governors and relevant agencies within 14 days from the date of the meeting, that is on 2 May 2017 for the Annual General Meeting of Shareholders and on 26 September 2017 for the Extraordinary General Meeting of Shareholders. The information on the meetings is available on the Company's website, and the Company had publicized VDO live of the sessions on the Company's website. (www.supalai.com) to serve interested shareholders.

- **Report on the shareholders' meeting**

In order for the shareholders to review meeting details within a reasonable time and to ensure equality for both Thai and foreign shareholders concerning access to the information, the Company has implemented a policy on distributing minutes of the shareholders' meeting accurately and in a comprehensive manner. Each agenda contains important information, comprising explanation of the voting procedures, the essence of agendas, resolutions and voting results (either votes for, approve, disapprove or abstain), as well as questions, clarifications, and comments during the meeting in both Thai and English, including the list of directors, with names and positions provided, attending the meeting, of which in 2017, all of them had attended. Such information will be displayed on the Company's website within 14 days from the meeting date for shareholders to ensure the accuracy of the minutes' data which will be later forwarded to the Ministry of Commerce within the time prescribed by laws. In 2017, the Company publicized the minutes of the Annual General Meeting of Shareholders on 2 May 2017 and the minutes of the Extraordinary General Meeting of Shareholders on 26 September 2017, respectively.

1.4 Rights to Receive Dividends and Share of Profits

The Company allocated profits to shareholders in the form of dividends. Shareholders will be informed of the Company's dividend policy along with the proposed dividend rates including reasons and

other related information for their consideration. The Company determined the list of shareholders entitled to the dividends (Record Date) on 7 March 2017 and collected the names in accordance with Section 225 of the Securities and Exchange Act. The book closing date is 8 March 2017 with the dividend payment being scheduled to take place on 9 May 2017 (For details, see Section: Policy on Dividend Payment of the Company and subsidiaries).

1.5 The Right to Consider Remuneration for Directors

As regards remuneration for directors, the Company has complied with the policy on the criteria for considering and proposing the directors' remuneration to shareholders. Accordingly, the Nomination and Compensation Committee was appointed to consider the form and criteria for the payment of remuneration to each position of the directors. Such remuneration has been considered by taking into account the business size, business environment and economic condition in whole, overall performance that reflects and connects with the results of operations, as well as comparing with remuneration of those in the same industry at competitive and reasonable level. The Company has also proposed all forms of remuneration, i.e., monthly allowance, gratuity and meeting allowance, which will be proposed to the shareholders for approval at every Annual General Meeting of Shareholders. Neither cash nor other assets will be offered to the directors unless it is the remuneration as per the rights and entitlements on a normal basis for the position as directors of the Company (For details, see "Remuneration for Directors and Executives"). The remuneration payment shall be in accordance with the Public Limited Companies Act, Section 90, which stipulates that the remuneration payment to directors must be in accordance with the resolutions of the general meeting of shareholders that consists of not less than two-third of the total votes of the shareholders present at the meeting. The Company has publicized such a policy on its website (www.supalai.com) for the acknowledgement of both shareholders and the general public.

1.6 The Right to Receive Adequate Business Information in a Timely Manner

The Company has disclosed business-related information on the news system of the Stock Exchange of Thailand while also posting important information and current updates on its website (www.supalai.com). Such an effort is considered the protection of shareholders' rights beyond their legal rights.

1.7 The Right to Approve the Appointment of Auditors and Determination of Audit Fees

The Company has set out agendas for the appointment of auditors and determination of audit fees for shareholders to approve at the general meeting of shareholders on an annual basis. Details on the names of auditors proposed, the companies to which they belong, experience and capabilities, independence issue, and audit fees will be provided sufficiently to shareholders for consideration.

Chapter 2: Equitable Treatment of Shareholders

The Company has complied with the policy to treat its shareholders equally by placing emphasis on equality of both major and small shareholders, and attaching importance to their fundamental rights and encouraging them to exercise their rights as given by law. Information is provided completely and equally to make the shareholders feel confident in making investments, and provide benefits and share profits on an equal basis regardless of gender, age, race, nationality, religious beliefs, social status, disability, or political opinion. Though shareholders are unable to attend the meeting because of any inconvenience, they are entitled to appoint a proxy to attend the meeting. For such purposes, the Company has publicized guidelines on the website of the Company (www.supalai.com) to inform the shareholders and the general public.

The Company is determined to develop total process itself towards international standard. Therefore, its business operation is conducted based on integrity, transparency and fairness. For effectiveness and achievement of its objectives, the Company had prescribed the Code of Conduct for its directors, executives and employees to be used as a guideline for proper behavior. It has also laid down as a policy for strict compliance for maximum benefit to the shareholders and stakeholders, i.e. conflict of interest management, confidentiality, responsibility for the property and reputation of the Company, and accountability to its stakeholders.

2.1 Conflict of Interest Management

The Company complies with the policy on conflict of interest, whereby directors, executives and all employees as well as employees in the subsidiaries and the associated companies are required to strictly comply with such policy to prevent the conflict between personal interest of its employees or his/her close associates and the Company's overall interest by requiring that the directors, executives and every employee must avoid having any personal interest that will have adverse effect on their performance for the Company's interest or that will make it difficult to perform the work properly, e.g. to make investment or to involve in any business in which the Company is interested in and it has come to one's knowledge due to the work performed under one's responsibility; or to seek interest in any organization that conducts business or is the Company's competitor; or to conduct business on behalf of the Company with one's own family members or with any business organization in which oneself or one's family members are significantly involved; or to work as an employee, director, partner or advisor of an organization that conducts business or seeks to conduct business with the Company or is in business competition with the Company or provides service to the Company's main competitor; or to get involved in the work conducted on one's own or employed by others to the extent that causes adverse effect in any respect to the work performed for the Company. Besides, the Company has the policy to prohibit directors and executives with vested interest in any agenda from participating in such particular agenda of the Board of Director's meeting.

In this regard, every director, executive and employee is required to disclose upon arising of any situation believable as a cause for conflict of interest. Where an employee is in doubt that there might

be a conflict of interest or there is something that might make others consider as a conflict of interest, he/she must report that to the Board of Directors promptly. Any business opportunity from utilizing of the Company's property or information must also be disclosed before using such opportunity for any purpose for self-interest. The Company's property or information or work position must not be used for personal gain survey on conflict of interest via Google Form.



The Company does not have any transaction in the form of financial assistance to any company that is not its subsidiary company. There has never been any case of insider trading by its directors or executives, or any case of violation/non-compliance with the rules on related party transaction and the rules on asset trading, the Company has publicized the Ethics and Code of Conduct, Director's Handbook, and Corporate Governance Policy Handbook on the website of the Company (www.supalai.com), to inform shareholders and the general public.

In 2017, The Company has required the directors, management and all employees to disclose potential conflicts of interest through a specific disclosure form and no such cases of significance have arisen.

2.2 Use of Inside Information

The Company complies with the policy on conflict of interest, whereby directors, executives and all employees as well as employees in the subsidiaries and the associated companies are required to strictly comply with such policy. The directors, executives and employees shall not use inside information of the Company or business trading partners of the Company, that they know from performing duties, to purchase or sell or offer to purchase or sell. They shall not persuade others to purchase or sell or offer to purchase or sell securities of the Company or those of the Company's trading partners for personal gains or for the gains of others. In addition, they shall not engage in any business that competes with the Company as well as its related businesses even though their businesses do not cause the Company to lose benefits. They shall also strictly comply with related laws. Directors and executives are required to

- Submit the list of their first securities holding and report on changes of securities holding including those of their spouses and minor children, as well as related persons. The submission and report shall be conducted in accordance with Section 59 of the Securities and Exchange Act 1992 (B.E. 2535) within 3 working days from the date of buying, selling, transferring or receiving the transfer of the securities. The directors and executives are also prohibited from buying and selling of the Company's securities during the period of one month prior to disclosure of financial statements to the public.
- Report on the change of securities holding to the Securities and Exchange Commission Thailand and submit the copy of the report to the Company on the same day they submit the report to the Securities and Exchange Commission, Thailand.
- Directors and executives who know essential inside information that has influence on securities price must not buy or sell the Company's securities for one month prior to the disclosure of financial statement to the public and they shall not disclose such essential information to other people.
- Report to the Board of Directors on buying and selling shares of the Company at least 1 day before starting the transactions.

The Company Secretary will provide a written notice to directors and executives as well as the departments, which had acknowledged inside information, during the week before the closing date of financial statements, requiring them not to disclose the information to external persons or unrelated persons. Furthermore, they are prohibited from selling or buying the Company's securities in the duration of one month before the financial statements are disclosed to the public.

In 2017, the Board of Directors and executives have strictly followed the applicable rules. There was neither violation nor non-compliance with the regulations on buying and selling securities using inside information as well as those prescribed by the Stock Exchange of Thailand and the Office of Securities and Exchange Commission, Thailand. In addition, the Board of Directors and the executives have to report on their holding of the Company's securities when first being appointed and shall report on the change of their securities holding, which shall include the securities holding of their spouses and children who are minors as well as all relating persons. They shall also report on their holding of securities to the Board of Directors on a quarterly basis.

The Company considers inside information and all business information essential information for operation and management of the Company. Such information is confidential and shall not be disclosed to the public. If such information is exposed, the Company and its employees, including its subsidiaries, associated companies and particularly the value of the stocks traded on the Stock Exchange will be affected. Therefore, unless authorized to disclose, or legally obligated to disclose, the Company's personnel are required to maintain the confidentiality of inside information, the Company has publicized the Ethics and Code of Conduct, Director's Handbook, and Corporate Governance Policy Handbook on the website of the Company (www.supalai.com), both in Thai and English, to inform both shareholders and the general public. (For details, please refer to the Section "Use of Inside Information")



2.3 Related Party Transaction

The Company has complied with the policies on related party transaction by requiring that directors, executives and all employees as well as employees in the subsidiaries and associated companies strictly comply with the regulations of the Stock Exchange of Thailand in every respect. When a transaction is not in accordance with normal trading conditions, an approval must be obtained from the Audit Committee and then presented to the Board of Directors for approval of the transaction. The implementing steps regarding interrelated transactions or related party transaction are as follows:

1. To consider doing related party transaction, 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 related party transaction 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 related party transaction 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 related party transaction 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.

The directors, executives and all employees must avoid any personal interest that will have a negative effect on the performance of work for the benefit of the Company or making it difficult to perform the task correctly and efficiently. A conflict of interest may arise in many situations. However, in performing duties, the Company's benefit under legitimate law and ethics must be observed. The Company had completely disclosed related party transaction in its Annual Report (Form 56-2) and Annual Registration Statement (Form 56-1). Furthermore, the Company forbids its executives and employees from undertaking or participating in any business that is in competition with the Company's business, regardless of whether such directors, executives and employees will receive either direct or indirect interests. It is clearly indicated in the Company's Code of Conduct. However, to conduct related party transaction or transactions with conflict of interest, the Board of Directors has laid as a policy that they must be considered and approved by the Board before proceeding. In addition, the information on names, relationship of connected persons, transaction value, reasons and the need must be disclosed in the annual registration statement and annual report as per the rules of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. The meeting must also be attended by the Audit Committee to ensure that the related party transaction are conducted fairly, reasonably, and with proper pricing policy, taking into consideration the maximum benefit of the Company, the Company has publicized guidelines on the website of the Company (www.supalai.com) to inform the shareholders and the general public.

In 2017, there was not connected transactions, which has violated and/or has not complied with the rules and regulation of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, Thailand and the Company has no business group structure that has connected transactions in the form that might have conflict of interest.

2.4 Proposing Meeting Agenda, Nomination of Persons to be Appointed as Directors and Raising of Questions about the Company

The Company has set rules for proposing meeting agenda, nomination of persons to be appointed as directors and raising of questions about the Company to give an opportunity for the minority shareholders to participate in monitoring the Company's operations and selection of qualified directors who can perform duties effectively for the maximum benefit of every shareholder and stakeholder of the Company. (The rules have been disclosed on the website of the Company (www.supalai.com) in the Section "Investor Relations" under the heading "Shareholder's Meeting")

For the Meeting in 2017, the Company has publicized such guidelines on the Company's website (www.supalai.com) and made an announcement on the website of the Stock Exchange of Thailand from 12 October 2017 to 5 January 2018 to invite the Company's shareholders to propose names of candidate to be appointed as directors, to propose meeting agenda and raise questions about the Company. However, no one proposed meeting agenda, names of candidate to be appointed as directors, or raised questions about the Company during such period.

2.5 Exercise of Voting Right

The Company gives its shareholders equal voting right, one share one vote for ordinary share, which is the only type of share issued by the Company to its shareholders. One share shall be counted as one vote, and the majority of votes shall be deemed as the resolution of the shareholders' meeting.

2.6 Proxy

The Company informed its shareholders in the event that they were unable to attend the meeting in person. These shareholders could appoint a proxy or an independent director nominated by the Company, who would be given rights and treated as a shareholder. The Company provided these shareholders with convenience by delivering to them a proxy form as set out by the Department of Business Development, Ministry of Commerce along with an invitation letter to the meeting in both English and Thai. This proxy form described thorough and clear details of the proxy and was delivered to the shareholders not less than 21 days prior to the meeting date. To ensure clarity and avoid inconvenience in attending the meeting of the proxies, details about the meeting, i.e., meeting schedule, agendas, including information on the procedures, documents and testimonials required for the proxy are also provided in the invitation letter. Such information was also posted on the Company's website (www.supalai.com) in the Section "Investor Relations" under the heading "Shareholder's Meeting" more than 30 days prior to the meeting date. In this regard, the shareholders can request further information via phone, email to the Investment Relations unit (For details, please see the Section "Investor Relations")

2.7 To Facilitate the Holding of a Meeting of Shareholders

To facilitate the shareholders who are foreigners, the Company has prepared all relevant documents in two languages i.e. English and Thai for Thai and foreign shareholders such as in Thailand and overseas, such as the notice of the meeting, proxy instrument, minutes of the meeting, annual report etc., and developed the Company's website (www.supalai.com) in two languages.

The Company will send the notice of the meeting and relevant supportive documents of various agendas to the shareholders not less than 21 days prior to the meeting date and will publicize details about the meeting, the meeting schedule and the meeting agenda on the website of the Company (www.supalai.com) 30 days prior to the meeting date.

The Company did not impose any conditions or rules that needed to be certified by government offices or other regulations that caused difficulties for shareholders to appoint a proxy. To lessen the shareholders' burden of acquiring stamp duties and photocopying, the Company provided stamp duties for affixing in the proxy form at the meeting and assigned staff to assist in photocopying and verifying documents required for attachment free of charge at the point of registration. The meeting was open for registration 3 hours before it commenced. Additionally, barcode technology was also used to facilitate casting votes while a reception was hosted by the Company for the participating shareholders.

Chapter 3: Roles of Stakeholders

The Company attaches importance to the rights of every group of stakeholders such as shareholders, customer, employees, trading partners, competitors, government, adjacent communities including the responsibilities towards the society and the environment. The Company has also set the Code of Conduct as ethical guidelines for business operations by taking into consideration the principle of fairness, human rights, legal respect, intellectual property rights and anti-corruption. In 2017, the Company has revised policy on treatment of each group of stakeholders such as policy on employee development, Policy on remuneration and welfare, Policy on Human Rights Principles by taking into account the rights of such stakeholders according to the laws or the contract made with the Company. All directors, executives and employees including employees of the Company, subsidiaries and associated companies are required to strictly comply with such policies, and such policies have been disseminated on the Company's website in order to inform shareholders and the general public. Furthermore, it has provided its stakeholders with a channel for expression of opinion regarding its operations or for making complaints in case of unfair treatment by the Company via Company's website (www.supalai.com).

The Company identifies its stakeholders by taking into account the stakeholders with truly significant impact to the Company's operations, i.e. the organization's activities, products, services and connecting to value chains that cause economic, social and environmental impacts on the stakeholders, not only

concerning the Company, but including its subsidiaries, partners that are related parties, without any influence or inclination towards presentation only the information of the stakeholders who are in favor of or agree with the Company.

Human Rights Principles

The Company has complied with the policy regarding human rights principles, whereby all directors, executives and employees including employees in subsidiaries, associated companies must strictly respect the laws, the different cultures and traditions of each country in which the Company invests. The Company regards human rights principle as common practice by taking into consideration human dignity, freedom and equality of individuals, and shall not do any act and nor encourage the violation of human rights. The Company has provided a better understanding of human rights to employees in performing their duties, and has not supported any activity that violates human rights and all employees shall not do any act in the manner of sexual harassment, flirting, possessing pornographic pictures, using sexual language or touching the employees of the Company or outsiders who contact the Company.

In addition, the Company has also extended its policy regarding human rights respect to cover its contractors, manufacturers and suppliers of raw materials and services pursuant to its policies regarding business operations of the manufacturers / suppliers of raw materials and services to foster fair business operations in accordance with human rights principles.

See additional details regarding respect of human rights in the sustainability report 2017.

Principle of Law Compliance

The Company recognizes the importance of law, and applies laws along with morality, ethics and integrity with both internal and external stakeholders. It can be seen from the Company's quality policy which is focused on continuous quality improvement in the system planning, design, construction, sales and community management to meet the requirements of the law, professional standard, occupation and written agreements with customers. Such quality policy are regarded as creation of culture in the organization and attitude for employees and executives to comply with the laws. Also, since 2004 onwards, the Company has adopted the policy to monitor the business operations to be in line with relevant regulatory laws. The Legal Department is responsible for updating the list of enforced laws within the Company and follow up the progress, the consideration and drafting legislations, relating to the Company's business operations as well as verification, revision, amendment, confirmation on the updated list of enforced laws, and confirmation on law compliance of every department once a year (within June of each year). In general, Legal Department will report to the Chief Executive Officer, and / or the Board of Directors subject to nature of the case. Then it will be reported to the Management Committee, the Audit Committee and supervisors in all departments. Furthermore, the Chief Executive Officer has assigned the Internal Audit Unit to be responsible for the follow-up of the result as well.

In addition, the Company also provides trainings to all employees involved whenever there is a promulgation of new laws or there is modification, amendment or revocation of laws or regulations as well as educating new employees, such as trainings and seminars held by the Legal Affairs Department, offering comments to improve rules and regulations suitable to the economic social environment through the state agencies and independent organizations such as the National Economic and Social Advisory Council, etc.

During the period of 28 years in business, it is apparent that the Company has not only focused on the best interests of the organization but also carried out the management by adhering to the legal principles, honesty, integrity, transparency, honesty and accountability as well as paying attention to the importance and responsibility of concerned parties, both directly and indirectly, such as customers, suppliers, competitors, social, environment and local culture based on compromising principles along with the political and legal principles as can be seen from a variety of awards received from many agencies (See details under heading: Awards and Accolades).

Intellectual Property

The Company has complied with the policy on Intellectual Property by requiring that the directors, executives and all employees as well as employees of the subsidiaries and associated companies strictly comply with such principles. Products or production procedures, findings and development, improvement or invention of products, process, procedures; or objects made, used, sold or developed by the employees relating to the work of the Company or expanded from the work of the Company shall be considered as the products or procedures of the Company. All employees have the duty to maintain the confidentiality of trade secret, namely, business information and all technical information of the Company by protecting confidential information or business partners of the Company. The obligation to protect such information shall continue even after the employees have already resigned from the Company.

Any employees who disclose any information without permission and cause damage to the Company shall be subject to penalty according to the law. All the employees shall use computer programs with the copyrights provided by the Company, and shall not install and use unlicensed computer software in the Company, shall not demand, accept or use business information acquired illegally or immorally, and shall not to infringe the copyrights, patents and trademarks of others.

Ethical Practice

Apart from the policy to support the business operation with integrity, transparency and fairness to all parties involved, the Company also provides support of Dharma activities by publishing the book called “Sustainable wealth and happiness” and building Buddha image of a contemporary art form called “PhraSupanimitrmingmongkolpanyabaramee” that can communicate philosophy with a focus on the essence of Dharma in order to uplift the mind and wisdom of those who worship to stay above greed, anger and delusion, which comprise the foundation of Buddhism represented by the Buddha image as offerings to

the Lord Buddha and for the well-being of good friends in the contemporary period. Moreover, the Supalai mindful meditation events, "Family Ties", have been organized to promote the quality of life for Supalai families where practicing contemplative prayers have been trained. This is a process of learning by soul with contemplative activities to provide direct experience.

Responsible to stakeholders

Analysis of Stakeholder and Development of Operation Strategies

The Company attaches importance to the attention to and care for all groups of stakeholders both inside and outside the Company including the responsibility to the society and the environment. Accordingly, the stakeholders have been divided into 9 groups, namely, employees, customers, suppliers, shareholders, community and society, environment, economy, government agencies and competitors, whereby the criteria on connection has been taken into consideration.

Criteria for Stakeholder Identification

The Company has categorized its stakeholders into 2 major groups as follows

- Primary Stakeholders are those who are directly involved with the business, receiving direct interest or effect from the business operations, i.e. employees, customers, suppliers, shareholders, communities and society, environment and competitors.
- Secondary Stakeholders are those who are indirectly involved with the business, receiving indirect interest or effect from the business operations, i.e. government agencies and the country economy.

Due to a wide variety of stakeholders, the Company has arranged various tools and channels to look for the needs and expectations of each group of stakeholders, as well as to exchange opinions for further development by the Company, such as;

- Customer opinion survey after transfer of ownership.
- Collecting of comments, from customers, Suppliers and employees through suggestion box.
- Expression of opinions in the shareholders' meetings, where shareholders can ask for information, as well as to give suggestions in respect of the Company's products, services, and operations in various aspects.
- Employee visit, both at the Head Office and project sites, by top executives and Human Resource Department, to look after their daily livelihood and operations.

From the use of such tools and channels as guidelines for operation improvement and in responding to expectations of every group of stakeholders properly and continuously, it will eventually result in sustainable business growth based on participation and good corporate governance.

Objectives of building relationships with the Company's stakeholders

The subjects raised by the Company's stakeholders range from economic, social and environmental areas. The Company has responded to each group of stakeholders, to which the subjects selected for action are;

Stakeholder	Subject
Employees	Take care of remuneration, welfare and knowledge development; treat employees fairly and equally under human rights principles.
Customers	Build quality home in accordance with construction standards, Responsibility Towards Consumers.
Suppliers	<ul style="list-style-type: none">- Treat trading partners in strict compliance with agreed contracts and conditions.- Receive facilitation in various areas, e.g. support for credit acquiring, transfer of payment to account on due date, etc.
Shareholders	Taking into consideration maximum returns, placing emphasis on equality between major shareholders and small shareholders.
Community and Society	Oversee construction with noise/dust impact, affecting neighboring communities.
Environment	Carry out construction of high-rise buildings by taking into consideration the environment as approved by the Expert Committee for Consideration of EIA Report, e.g. green belt, health, traffic, fire prevention, etc.
Economy	Adhere to the principles of good entrepreneur for sustainability of the country's economic system.
Government agencies	Strictly comply with laws and report operation results.
Competitors	Treat business competitors fairly and not to destroy competitors by using various tricks.

More detailed information on communication channels with stakeholders and response to the expectations of stakeholders can be seen in the Sustainability Development Report 2017.

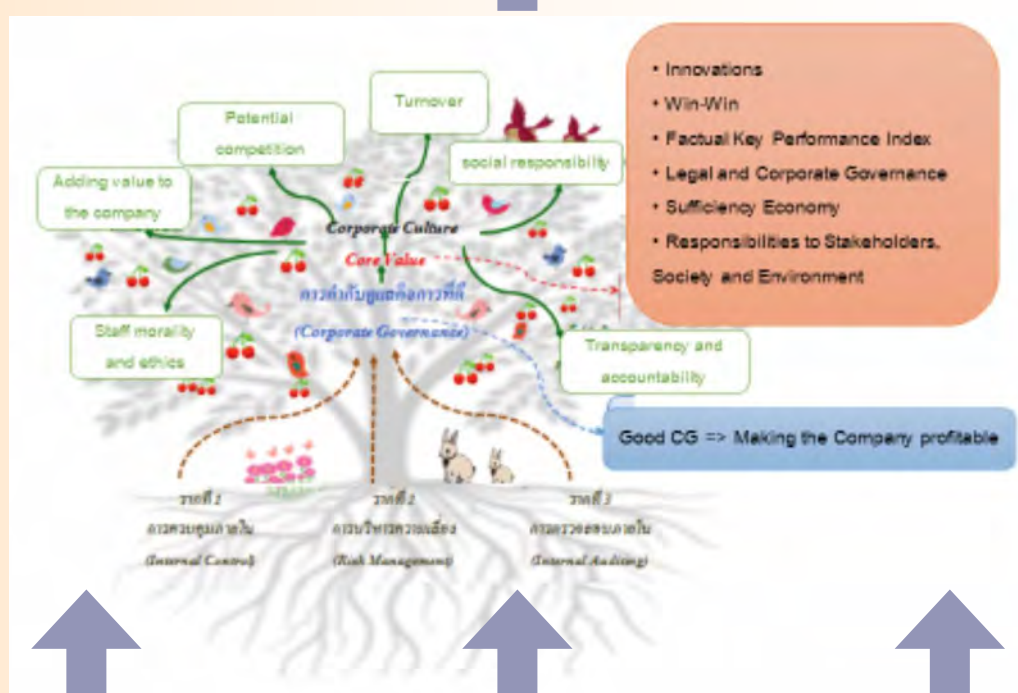
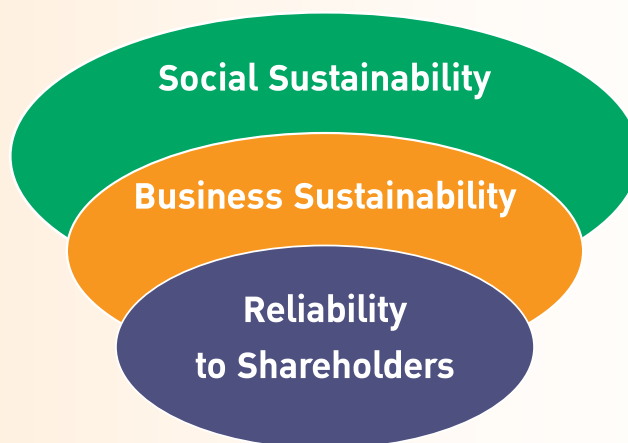
Analysis of Economic, Social and Environmental Trends and Changes

The Company has used data from analysis of economic, social and environmental trends and changes in considering the matters that are important to the Company's operations which may affect the stakeholders. Furthermore, it has also used data from risk analysis with significant economic, social and environmental impacts, both from internal and external factors and severity of impact in consideration of the matters that are important to the Company's operations. They are disclosed in its annual report for 2017 under the topic of General Economic Conditions, Social Responsibility, Personnel Development, and Community Care.

Its economic, social and environmental practices result from stakeholder analysis, using criteria that are industrial benchmarks, all of which are significant to the organization in economic, social and environmental dimensions, in line with the expectations of its stakeholders, for example;

- The trend in building the organization to have competitive potential has resulted in the Company's emphasis on employee development of creativity in order to create innovation for the Company, by giving them opportunity to express opinions, and supporting knowledge development and career progression. The employees are also provided with continuous studies and development.
- The trend of energy saving campaign results in energy saving home designed by the Company. The Company has created and developed housing designs with emphasis on energy saving and being environmentally friendly, so that its customers can play a part in environmental conservation, as well as for saving of money on electricity bill, which is in line with Green Design Standard.
- Due to the trend of higher cost of living, the Company has reviewed the salary and welfare increase in various areas, e.g. expense for medical treatment, discount rate for buying of project housing, etc., by obtaining data from suggestion boxes, and considered by the Remuneration and Compensation Committee, for fairness to employees.
- According to the trend of environmental care emphasized by public sector and with the promulgation of environmental law, Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (1992), the Company has to design its projects in compliance with the law, with long-term benefit for the community and the environment in the project area.
- Due to the trend of community development for sustainability, the Company has created quality society; there has been activities organized to enhance relationship or acquaintance building among members of the community, increase security, provide cooperation with public sector, establish housing estate juristic persons, carry out repair and maintenance of public utilities and communicate with residents for better understanding.

The economic, social and environmental practices of the Company start from complying with relevant laws and regulations, ensuring that the impacts from its operations would not cause problems to the community, neighboring areas, or the society affected from its business operation. It has also given chance for the community and society to play a part in its operations, created shared value between the business and the society, as well as having laid down guidelines and conduct operations towards sustainability. Thus, it is in line with the sustainability development plan in developing business towards Creating Shared Value.



CG in substance

The Company's Board of Directors and executives have created good business operational results in sustainable and reliable manners, by focusing on real practices.

CSR in process

The Company conducts daily business by ensuring that there be sustainable development, and motivating stakeholders to act accordingly.

Anti-corruption in practice

The Company is a model for having real action plan at all levels and creating anti-corruption culture in Thai business sector.

Management Guideline

The elements of management guidelines are as follows;

1. Vision: the Company defines its vision related to the society and the environment as **"Supalai... We Care to Create Thai Society"**, which has arisen from the awareness to create sustainable development of the organization.

2. Strategic objectives: the Company defines its management philosophy as; To develop quality society of “Supalai People”, the Company sets out a firm commitment in creating quality housing, continuing product development, developing a society of warmth and safety, developing good services in professional manner for customer satisfaction by adhering to its management philosophy.

S (SUPERIORITY) Excellence in terms of products, service and good management.

P (PROFITABILITY) Emphasis on profits/benefits for all concerned parties, there are customer, shareholders, employees, contractor for trading partners and society.

L (LONGEVITY) Operation of Business continually based on secure foundation.

3. Key performance indicators: criteria have been put in place to indicate that something has impact on operation results, the Company has defined reasonable indicators that can provide clear, non-complicated information that is measurable and proper to the organization.
4. The Company has reviewed its activities relating to stakeholders to ensure that they are in accordance with the objectives and key performance indicators, business nature, business size, and readiness of the organization.
5. There has been review of the relationship between activities and strategic objectives by ensuring that the activities conducted can respond to the strategic objectives for efficiency in performing its social and environmental activities.
6. Action has been taken for CSR-in-process and CSR-after-process with budgets allocated by the Company, pressing forward various activities, including participation by employees and stakeholders.

In this regard, the Company has defined the scope and format of operations in each issue for each group of stakeholders as follows;

A) Employees

Employees are considered the highest valued resources, the Board of Directors has, therefore, laid down clear and tangible policy of employee treatment, in respect of remuneration and welfare. That is, the Company has committed to comply with the policy on Treatment of Employees, Policy on Remuneration and Welfare and Policy on Employee Development. The Company is fully aware that employees at all levels are valuable resource of the Company, which is a factor for success and achievement of the goals of the Company. Accordingly, it shall provide care and fair treatment in terms of opportunity, returns, appointment, transfer and trainings for the employees as well as encouraging them to show their potential in order to be part of a sustainable development of the organization. The Company is well aware of the importance of all employees regardless of which section or department they are working in without any

discrimination, and focuses on creating a good working environment, safety, with appropriate remuneration for their work. Such remuneration has been considered to be paid at similar rates of the same group of industry and according to the operational results of the Company, that is, for the short term, it depends on the ability to make profits each year, while for the long term, the employees are provided with Employee Stock Options. This also depends on the considerations of the Nomination and Remuneration Committee and the Board of Directors. There is also good welfare to employees in various forms as well as the provision of innovation and new technologies to support their work as rewards to all employees. Regarding development of personnel, the Company is fully aware that employees are valuable assets. Therefore, it always emphasizes development of knowledge and ability for all employees in order for them to grow sustainably along with the organization. Various policies of the Company have been publicized on the Company's website (www.supalai.com), for every employee to acknowledge and such policies are also included in every orientation of new employees.

The Company is well aware of the importance of its employees. It pays attention to and treats every employee of every level with fairness, both in terms of remunerations and welfares as prescribed by the labor laws. It also looks after employees and their family in emergency time based on loving kindness principles. Moreover, employees are given opportunities to be promoted along with the Company's growth. The Company attaches importance to the potential reinforcing of its employees because it foresees that **"personnel"** is essential resource considered as Human Capital. They can push business operation forward to meet the targets, which will result in a sustainable growth of the Company. In this regard, the Company has conducted annual Opinion Survey under the slogan **"Every valuable opinion means every growth and progress together with the Company"**. More detailed information on employees can be found in the Sustainability Development Report 2017.

More detailed information on employees can be found in the Sustainability Development Report 2017. Moreover, for happiness to every employee, the Company has taken care of its employees' welfare by adopting 8 categories of happiness in its workplace, they comprise;

1. **Happy Body** : Being healthy, both physically and mentally, knowing how to spend life, how to eat, how to sleep.
2. **Happy Heart** : To have a generous mind.
3. **Happy Relax** : To have a relaxing attitude towards life and work.
4. **Happy Brain** : Happiness from an ongoing study and development, leading to professionalism and advancement in the career.
5. **Happy Soul** : Happiness from one's wit and wisdom of the "Peaceful and Virtuous Path", that is to have faith in one's religion, lead a moral life with a sense of shame and fear for wrongdoings.

6. **Happy Money** : Knowing how to save, how to spend, money as well as how to live in a proper lifestyle.
7. **Happy Family** : Having a warm and secure family.
8. **Happy Society**: Creating a good society with happiness, love, harmony and kindness.

More detailed information on practices can be found in the Sustainability Development Report 2017.

In addition, employees are encouraged to fulfill their potentials for greater efficiency to increase competitiveness. There is Employee Development Plan (EDP) carried out in the direction that is in accordance and connected with business strategy. It is considered by the Company as a key policy and implemented continuously. Employees are encouraged to learn new things, as well as to practice necessary skills in order to increase their capability. Support is provided to employees of all levels so that they can obtain knowledge to enhance their efficiency. The Company has implemented the Competency system for personnel development of knowledge and ability, as well as to accumulate knowledge, skill, personality and desirable attitudes proper for the positions. The Company has communicated to every employee of every level to have a right way of thinking and right attitude with understanding in the principles and philosophy on Core Competency. The activity for Team Learning & Development has been arranged under the program for development and increase of efficiency and new workforce based on its Core Competency to bring about change in behavior for the building of new work culture.

More detailed information on employee training can be found in the Sustainability Development Report 2017.

The Company provides several channels for upward communication from employees of every level to the top management as follows;

- Suggestion box, the top management will answer every question via email to every employee.
- Site Visit by the top management and Human Resource Department to look after the employees, both in terms of work and daily life.
- Meeting program between employees representatives and the management to exchange opinions and suggestions in respect of the operating process of the Company.

B) Customers

The Company has committed to comply with the policy on treatment of customers, and requires that the directors, executives and all employees as well as employees of the subsidiaries and associated companies to strictly comply with such policy in order to focus on the development of customer's satisfaction and confidence and is committed to treat customers with integrity, honesty and fairness on the basis of a fair return to both parties, while delivering a quality product at a fair price as well as aiming to provide, develop and produce quality products to meet customers' demand with regular evaluation and improvement of the

potential impact on customers. The Company also controls and ensures that its product has the quality that is up to the standards and requirements of the Consumer Protection Act or other relevant laws, and also provides effective after- sales service to the customers. Such policy has been disseminated to customers through the Company's website (www.supalai.com).

The Company focuses on building customers' satisfaction and trustworthiness. It has, therefore, implemented the quality management system, ISO 9001: 2008, an international standard mainly emphasizing quality management and customers' need. The Company pays attention to every step with the need for quality check up to the delivery of goods to customers, including servicing. The management is carried out in a preventive manner based on customers' satisfaction, which is of direct benefit to the consumers. It is also another alternative for the consumers to choose houses that undergo the management process under ISO standards. The Company has laid down its quality policy as follows: "Supalai Plc. puts emphasis on the continuous development of "quality" in the systems of planning, designing, construction, sales and community management, to be in line with legal requirements, professional standards and written agreements made with customers".

It has also defined the quality objectives by requiring various departments related to the quality system to set the quality objectives that can be assessed and practicable. Each department must communicate the quality objectives to the responsible persons in the unit for achievement of such quality objectives.

The quality objectives put into practice by each unit must be approved by the Chief Executive Officer and must be announced so that every unit can take them as work targets that will lead to the achievement of objectives of the quality policy as prescribed by the Company.

The Company has been committed to strictly comply with the contracts made with the customers. Fairness provided to the customers begins from the designing to respond to current demand of the customers, preparing standard contract specifying clear details of construction materials, inspecting to deliver the house before ownership transfer, offering guarantees various arrangements, after sales service and customer safety.

More detailed information on practices can be found in the Sustainability Development Report 2017.

C) Suppliers

The Company has committed to comply with the policy on Treatment of Trading Partners, it has the policy to treat its contractors, trading partners, vendors and financial institution creditors equally with fairness, whereby directors, executives and all employees as well as employees in the subsidiaries and the associated companies are required to strictly comply with such policy, by taking into account the best interests of the Company, while focusing on fair returns to both parties by avoiding situations that cause a conflict of interest. It shall also comply with contractual obligations by providing accurate information and correct reports. Any negotiation to solve problems and find solutions shall be based on the business relationship. The Company has supported the construction contractors on a continual basis to boost the morale and to encourage them to create quality work products.

The Company has committed to comply with the policy on Treatment of Creditors, whereby directors, executives and all employees as well as employees in the subsidiaries and the associated companies are required to strictly comply with such policy. The Company is committed to conducting business in a fair manner in order to create trust among creditors. The Company is committed to maintaining a sustainable relationship and mutual trust with the creditors. The Company is committed to strict compliance with the conditions of the creditors regardless of whether it is the objective in spending the money, repayment, maintaining of quality of collaterals and any other agreed matters made with the creditors in order to achieve mutual benefits. In the case of non-compliance with any of the conditions, it shall inform the creditors promptly in order to jointly solve the problems by applying reasonable principles. The Company shall not do any dishonest act against the creditors. The Company treats its counterparties/creditors as follows;

- The Company strictly complies with various agreements and conditions. In the event where the Company cannot fulfill any one of the conditions, it will inform the creditors promptly in order to jointly find a solution based on rationality.
- The Company strictly follows the conditions made by its creditors, regardless of whether it is about the spending objectives, repayments, maintaining of quality of collateral, guarantee conditions, capital management, payments for goods, and any other matters agreed with its creditors in order to achieve mutual benefits.
- The Company attaches importance to the payment of goods by making payment upon due date as agreed. However, in some cases where a supplier needs to receive payment before due date and agrees to give discount, the Company is willing to provide assistance if it has adequate liquidity and in a position to do so.
- The Company has adopted as its policy, requiring employees whose work is to contact with suppliers to be fair-minded. In particular, employees must not receive or demand any benefit from suppliers or potential suppliers, which may affect the fair assessment or consideration in purchasing and price. This has been indicated in the Code of Conduct to be strictly complied with by the directors, executives and employees. Before making any purchase order such as construction materials for house, suppliers that are the Company's counterparties must propose quotations first so that the Company can compare for the best proposals and terms.
- It is the Company's policy to treat contractors as business partners, while adhering to contract or agreement mutually made under requirements of the law. In order to obtain mutual benefits in operating business between the Company and its trading partners, the Company has followed the policy to select the contractors (trading partners) on a fair basis with transparency and strictly complying with trading conditions. It also jointly considers and solves the problems with the contractors on a regular basis, for instance, the Company normally employs the contractors by providing a lump sum for the materials and the labor cost, however, in case of shortage of

materials, the Company has leverage potential to assist the contractors to procure material supplies for maximum benefits in the joint business operation. In addition, the Company provides privilege to the construction contractors having worked for the Company for a long time to carry out construction work in the provincial projects in order to have work continually.

- The Company has organized events to express its gratitude to the contractors and presented the award to the role model contractors under the concept “Joint Labor and Spirits of Supalai & Contractors” in order to strengthen mutual relationship and boost the contractors’ morale so as to create continual constructive work.
- The Company has also coordinated with the banks to provide support of credit lines to the contractors so as to have supplement liquidity and capacity in expanding work.
- The Company has also supported the contractors to have an opportunity to expand or change the residence by providing privilege to contractors building houses in the Company’s projects to buy Supalai’s houses or the houses of its subsidiaries at the discount rate of 10% from the maximum reduction price sold to the general customers of each project.
- The Company has offered a chance to new contractors to jointly work with the Company in order to create quality work. To obtain more information, such contractors can contact the Company at 0-275-8888 ext. 310 on work days of Monday-Friday.
- To jointly find a way, to develop and test materials in cooperation with the manufacturers to ensure that all materials used for construction possess the qualifications as specified.
- Taking into consideration fairness to financial institution creditors : when the economic crisis broke out in 1999, the Company had entered into the debt restructuring process with the Office of Corporate Debt Restructuring Advisory Committee (CDRAC) of the Bank of Thailand, and completed the debt restructuring in 2002, with every creditor receiving the principals in full. As such, the Company gains trust from financial institutions which continue their support to the Company in many projects.

The Company has informed its trading partners of such policies and disseminated them on the Company’s website : www.supalai.com

D) Shareholders

The Company places emphasis on the quality and sustainable business growth. Thus, it has conducted business with integrity, transparency, aiming to provide good services for customers’ satisfaction, which will result in value adding and maximum returns to its shareholders in the long run. All shareholders, both major and small shareholders.

The Company complies with a policy on equal treatment of both major and small shareholders by respecting their rights, and treat all of them equally, while operating business with honesty, integrity and transparency. The Company also manages its business to grow on a stable basis for sustainable benefits of shareholders by carrying out efficient operation with good business performance, while disclosing information to shareholders appropriately, completely with standards under legal framework, ethical principles and good corporate governance practice.

E) Community, Society and Environment

The Company has committed to comply with the policy on Responsibility toward Community, Society and Environment, whereby directors, executives and all employees as well as employees in the subsidiaries and the associated companies are required to strictly comply with such policy. The Company is committed and attaches importance to business operations with the responsibility towards communities, society and the environment in order to achieve sustainable development in terms of economic, social and environmental aspects by taking into account interest of related stakeholders in the project area as well as the society in general. This is to return benefits to the community, the society and the environment on a sustainable basis. More detailed information on practices can be found in the Sustainability Development Report 2017.

F) Environment

As regards the use of resources, the Company has also observed the policy on efficient use of resources, whereby the directors, executives and all employees including employees of the subsidiaries and associated companies are required to strictly observe this policy as currently, natural resources are diminishing; the Company, therefore, focuses on raising awareness of the employees to make the most effective use of resources in order to further create the habit and apply at home. This by-product is also expected to result in more efficient use of resources at national level. Such good habit would be passed on to the younger generations and be a role model for the future. This habit will lead to the concept of “thinking before using” and will further help create the saving habit. It also provides knowledge on the environment, health and safety to the employees and the general public in order to be applied at the office and extended to the outsiders. The topics of the trainings comprise “Saving Energy of the Company” and “Producing Household Products”, which can be naturally decomposed and not adversely affect the environment.

More detailed information on practices use of resources can be found in the Sustainability Development Report 2017.

The Company and its subsidiaries have not been investigated or under investigation by any authorities regarding the practices of the Company or its subsidiaries, in respect of any violation of social and environmental laws. It has also never taken part in or been accused of undertaking business in such

a way that create adverse effect on the society and the environment, either in the news published in the media or in the case that might significantly affect business operations, reputation, or trustworthiness of the Company or its subsidiaries.

Safety, Occupational health and Environment in Working

As regards safety, the Company has complied with the policy on safety, occupational health and environment in working, whereby the directors, executives and all employees including employees of the subsidiaries and associated companies have strictly complied with such policy. Having attached importance to the safety, occupational health and environment in working, the Company is committed to improve its operations in terms of safety, occupational health and environment on a continual basis. Activities on safety in working have been encouraged and supported, while monitoring and evaluating the policy implementation for maximum efficiency.

The Company has set up the Committee on Safety, Occupational Health and Workplace Environment in accordance with the Notification of the Ministry of Labor and Social Welfare, Re: Committee on Safety, Occupational Health and Workplace Environment.

More details on activities regarding occupational health, safety and working environment can be found in the Sustainability Development Report 2017.

In addition, the Company had reported the statistics on accidents in the report of professional level of the work safety officer in accordance with the Notification of the Ministry of Labor and Social Welfare, Re: Work Safety of Employees, which done on quarterly basis.

More detailed information can be found in the Sustainability Development Report 2017.

G) Economy of the Country

The Company places emphasis on economic operations on a sustainable basis in order to promote the economic and social systems of the country to be simultaneously grow in the future, whereby:

- Commitment to be good business operator.
- Generating income in the area of real estate development projects.
- Developing energy-saving houses.
- The development of low-cost houses for low and middle-income people.

H) Government Agencies

The Company has complied with the laws while operating according to international standards and strictly reported on such compliance, be it the tax payment and other expenses according to the regulations and rules prescribed by the state sector, and provided cooperation and support in implementing the state policies for the benefits of the country. It is also committed to carry out projects beneficial to the public, either being assigned by the state sector or initiated by the Company itself.

The Company has no operation that is in violation of the laws regarding labor, employment, child labor, consumers, trade competition and environment; it also has not been subject to any action by regulatory agency due to its failure to publicize information on significant event within the time prescribed by the authority.

The Company has established channels of communications for stakeholders to communicate and provide suggestions and information beneficial to the Company's business operation, or to directly submit complaints to the Audit Committee in case of malpractices. Such information or complaints shall be kept confidential in order to protect informants or whistleblowers and maintain confidentiality of the complainants as the access to this kind of information would be restricted to only responsible persons to examine the complaint issues, and only independent directors shall consider, give instructions and report to the Board of Directors. Such channels consist of Supalai Smart Center, tel: 1720 and 02-725-8899 "You call, We care", or the Company's website: www.supalai.com or the opinion boxes at the projects.

I) Competitors

The Company has committed to comply with the policy on Treatment off Competitors, whereby directors, executives and all employees as well as employees in the subsidiaries and the associated companies are required to strictly comply with such policy.

- Whereby the business operations shall be conducted under the free and fair competition framework and shall not seek trade secret of the competitors by fraudulent, dishonest, inappropriate, immoral or illegal acts.
- Regarding its competitors, the Company shall not do any act to cause damage to the reputation of the competitors by accusing, defaming or using any tactics without grounds; and shall not do any act to violate intellectual property rights and copyrighted works of others or competitors; and shall not conduct monopoly with its trading partners or suppliers. The Company has never had any dispute regarding trading competitors.

Such policy has been publicized on the website of the Company (www.supalai.com).

Chapter 4: Information Disclosure and Transparency

The Company has a policy to disclose the information to the investors and all groups of stakeholders equally by disclosing accurate, complete and transparent information in a timely manner. Such information includes the information on finance, results of operations, future directions of business operations and other information. Thai disclosure will allow in order that the shareholders and all groups of stakeholders to be able to access to the Company's information conveniently, promptly and in a timely manner.

4.1 Shareholding Structure

The Company has clearly disclosed the structure of shareholders with most updated information so that the users of the information are able to access to the accurate information of the Company by presenting details of the structures of the major shareholders and the proportion of the small shareholders. In addition, the Company doesn't allow one company and two other companies or more to hold each other's shares to take advantage of business clusters or to create structures of the group of companies. (Please see details under topic "Overview of business operations of the Company and its subsidiaries" and "Chart Indicating Shareholding Structure of the Group of Companies".

4.2 Disclosure of Attendance of Each Director at Board of Directors' Meetings

In 2017, the Company organized the Board of Directors' meetings and Sub-Committees' Meetings, whereby the number of attendances of each director has been disclosed as follows;

Director's name		Directors' meetings for the Year 2017				
		Board of Director (12 Meetings)	Risk Management Committee (1 Meeting) ^(A)	Audit Committee (12 Meeting)	Nomination and Compensation Committee (2 Meeting)	Corporate Governance Committee (1 Meeting)
1. Dr.Prateep	Tangmatitham	12/12	-	-	-	-
2. Mrs.Ajchara	Tangmatitham	11/12	-	-	2/2	-
3. Mr.Tritecha	Tangmatitham	12/12	1/1	-	-	1/1
4. Mr.Prakit	Pradipasen	12/12	-	12/12	2/2	-
5. Assoc.Prof.Dr.Virach Aphimeteetamrong		12/12	-	-	2/2	-
6. Assoc.Prof.Dr.Somjai Phagaphasvivat		12/12	-	-	-	1/1
7. Mr.Anant	Gatepithaya	12/12	1/1	12/12	-	-
8. Assist.Prof.Aswin	Bijayayodhin	12/12	-	12/12	-	-
9. Mr.Atip	Bijanonda	12/12	0/1	-	-	1/1
10. Mr.Prasas	Tangmatitam	12/12	-	-	-	1/1
11. Mr.Krid	Chancharoensuk	12/12	1/1	-	-	-

Remarks (A) The Risk Management Committee comprises 4 member Board of Directors and 8 Management as follows : 1) Mrs.Varunee Lapitananuvat 2) Mr.Punnapan Nengpetch 3) Mr.Kittipong Sirilugtrakun 4) Mr.Boonchai Chaiananbovorn 5) Mr.Adisak Warinsirikul 6) Mrs.Suchawadee Suppha-asa 7) Mr.Worasi Trirapatanapong 8) Ms.Tanwarat Punyaratana

4.3 Report on Direct and indirect holding of Securities of Directors and Executives

The Company has put in place the supervision of the use of inside information by requiring that its directors and executives submit the list of their securities holding including those of their spouses, children who are minors and related persons and report on changes of the list to the Office of the Securities and Exchange Commission within 3 day from the date of purchase, selling, transferring or receiving the transfer

of the securities. This is to comply with Section 59 of the Securities and Exchange Act 1992. The directors and executives are also prohibited from buying and selling of the Company's securities one month prior to disclosure of financial statements to the public and forward the report on selling and buying of Company's shares to the Company Secretary to keep as evidence.

In 2017, the company arrange to prepare a report on direct and indirect securities holdings of the directors and executives and also changes in securities holdings of the first 4 directors and senior executives at to the Board of Directors' meetings for acknowledgement 4 times in January, April, July and October. The details are as follows;

Report on Holding of Securities of Directors and Executives as of 31 December 2017

Name		Number of Share							
		As of 31 December 2016		Acquired during year 2017		Disposed during year 2017		As of 31 December 2017	
		Ordinary Shares	Warrants the right offering of the Company's	Ordinary Shares	Warrants the right offering of the Company's	Ordinary Shares	Warrants the right offering of the Company's	Ordinary Shares	Warrants the right offering of the Company's
1. Dr.Prateep	Tangmatitham	413,595,644	-	-	110,128,911	6,730,000	-	406,865,644	110,128,911
	Spouse and Underage Children	90,188,200	-	-	22,547,050	-	-	90,188,200	22,547,050
2. Mrs.Ajchara	Tangmatitham	90,188,200	-	-	22,547,050	-	-	90,188,200	22,547,050
	Spouse and Underage Children	413,595,644	-	-	110,128,911	6,730,000	-	406,865,644	110,128,911
3. Mr.Tritecha	Tangmatitham	732,000	-	600,000	330,000	-	-	1,332,000	333,000
	Spouse and Underage Children	-	-	-	-	-	-	-	-
4. Mr.Prakit	Pradipasen	-	-	-	-	-	-	-	-
	Spouse and Underage Children	-	-	-	-	-	-	-	-
5. Assoc.Prof.Dr.Virach	Aphimeteetamrong	2,431,466	-	-	577,866	200,000	-	2,231,466	577,866
	Spouse and Underage Children	-	-	-	-	-	-	-	-
6. Assoc.Prof.Dr.Somjai	Phagaphasvivat	-	-	-	-	-	-	-	-
	Spouse and Underage Children	-	-	-	-	-	-	-	-
7. Mr.Anant	Gatepithaya	-	-	-	-	-	-	-	-
	Spouse and Underage Children	-	-	-	-	-	-	-	-
8. Assist. Prof. Aswin	Bijayayodhin	-	-	-	-	-	-	-	-
	Spouse and Underage Children	-	-	-	-	-	-	-	-
9. Mr.Atip	Bijanonda	5,334,140	-	-	133,535	-	-	5,334,140	133,535
	Spouse and Underage Children	-	-	-	-	-	-	-	-
10. Mr.Prasas	Tangmatitam	-	-	-	-	-	-	-	-
	Spouse and Underage Children	-	-	-	-	-	-	-	-
11. Mr.Krid	Chancharoensuk	-	-	-	-	-	-	-	-
	Spouse and Underage Children	-	-	-	-	-	-	-	-

Name		Number of Share							
		As of 31 December 2016		Acquired during year 2017		Disposed during year 2017		As of 31 December 2017	
		Ordinary Shares	Warrants the right offering of the Company's	Ordinary Shares	Warrants the right offering of the Company's	Ordinary Shares	Warrants the right offering of the Company's	Ordinary Shares	Warrants the right offering of the Company's
12. Mrs.Varunee	Lapitananuvat	25,000	-	-	-	25,000	-	-	-
	Spouse and Underage Children	-	-	-	-	-	-	-	-
13. Mr.Punnapan	Nengpetch	759,733	-	-	189,933	-	-	759,733	189,933
	Spouse and Underage Children	-	-	-	-	-	-	-	-
14. Ms.Siriphon	Wongsapar	-	-	-	-	-	-	-	-
	Spouse and Underage Children	-	-	-	-	-	-	-	-

4.4 Report on Vested Interest

Supalai Public Company Limited has committed to comply with the policy on Vested Interest, by setting requirements that the directors and executives report to the Company on their own or their related person's vested interest relating to the management of business of the Company or its subsidiaries pursuant to Section 89/14 of the Securities and Exchange Act B.E. 2535 (1992) amended by the Securities and Exchange Act (No. 4) B.E. 2551 (2008). Such report shall constitute information to support the Company's operations according to the requirement regarding related party transaction, which may cause conflict of interest and lead to the siphoning of interest of the Company and its subsidiaries. The directors and executives must also perform their duties with care and honesty and they shall make decision on the Company's matters without vested interest either directly or indirectly. The information in such report is, therefore, beneficial in monitoring and ensuring that the directors and executives perform their duties in accordance with such principles.

Reporting

- The directors and the executives are required to report to the company their own stake, or those of their related persons in case of stake related to the management of business of the company or its subsidiaries by filling in Form for Reporting on Stake of Directors and Executives (as in attached document) as follows;
 - First report: It should be done by the 15th of the following month from the date when there is transaction of stake.
 - Report on changes of information on stake: It should be made without delay, that is, within 3 business days from the date when the information has been changed by specifying the orderly number of such change.

2. The directors and executives shall submit report form of having their own stake or those of their related persons to the Company's Secretary for acknowledgement immediately or within the specified date. The Board of Directors has been required to submit the report in accordance with reporting form "Report of Interest" of the Listed Companies Association.
3. The Company Secretary shall do as follows;
 - Submit a copy of the report on stake according to Section 89/14 to the Chairman of the Board of the Company and the Chairman of the Audit Committee within 7 business days from the date when the Company receives such report.
 - Maintain reports on stake reported to the Company by directors and executives.
 - Disclose the information on stake of directors and executives in the annual report (Form 56-2) and the annual registration statement (Form 56-1).

In addition, during the past year, there was no director, executive and related person having vested interest that may cause conflicts of interest.

4.5 Diversification of Communication Channels

For the disclosure of key information, the Company had done via various channels and the media on consistency basis to enable its shareholders and stakeholders to be informed entirely. The channels for dissemination are as follows.

1. The Stock Exchange of Thailand
 - 1) Annual Report
 - 2) Financial Statement
 - 3) Operational Results Report on a quarterly basis
 - 4) Resolution of the Board and others
2. The Securities and Exchange Commission, Thailand
3. Ministry of Commerce
4. Newspaper
5. Magazine
6. Television
7. Press Release
8. Investor Relations (contact 0-2725-8888 Ext.857 or e-mail address : ir_spali@supalai.com)
9. The Company's website (www.supalai.com)
10. Company Visit and One-on One Meeting

11. Domestic and Foreign Road Show
12. Analyst Meeting
13. Public Relation, Press Conference and Press Release of financial status of the Company
14. Document delivery notify shareholders by mail

In 2017, the Company disclosed the financial information, explanation on financial position analysis and operational results (Management Discussion and Analysis) including reports on information and important decision making to the Office of Securities and Exchange Commission and the Stock Exchange of Thailand and the shareholders regularly on a quarterly and an annual basis via the news system of the Stock Exchange of Thailand, while also disseminating information through the website of the Company in both Thai and English.

The financial statements of the Company had no qualified opinions from the auditors. The Company has no record of delays in submitting the quarterly and annual financial reports and has no notification from external regulatory organizations to correct the financial statements.

Besides, the Company publicized the invitation letters for Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders, supporting documents of the meetings, minutes of the latest Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders and annual reports on the Company's website that can be easily downloaded. The Company also publicized the Annual Report within 120 days after the end of the fiscal year.

4.6 Investor Relations

The Board of Directors of the Company is well aware of its mission and duty to treat all shareholders equally by ensuring that the disclosure, both financial and non-financial information, is made correctly, fully, adequately, reliably and in a timely manner so the shareholders can receive information on an equitable basis as required by laws, relevant organizations and government agencies. The Investor Relations Section under the Business Development and Investor Relations Department is the Company's representative in communicating and supervising general investors, securities analysts, and shareholders. Information will be disseminated via various channels, ranging from the mass media, website, telephone, the Stock Exchange of Thailand, the Securities and Exchange Commission, Thailand.

Before making any disclosure via various channels, in normal and urgent cases, it must be firstly considered by the Board of Directors for correctness, completeness, adequacy of information, before forwarding to the Stock Exchange of Thailand. Once forwarded to the Stock Exchange of Thailand, the financial statements will be disseminated via IR Website at www.supalai.com and www.shareinvestor.com.

The Company has taken proactive action by going out to visit analysts and investors, joining by its Managing Director and executives responsible for accounting and finance to give clarification and opportunity

for investors, analysts, as well as those interested to make inquiry. In addition to local investors, the Company had organized Road Show to present information and progress of the Company to foreign investors. There was also disclosure of information to the public, e.g. annual report, 56-1 Form, information presented on the day of meeting with investors, etc., to ensure full compliance with relevant regulations. Furthermore, the Company had provided information and disseminated its operation results to investors, shareholders and those concerned on quarterly basis. There were press conferences and disclosure of information to the Stock Exchange of Thailand.

The Company established Investor Relations unit not only to communicate with the general investors, securities analysts, shareholders, being a center for disclosing important information, to the investors, but also to take care of the process of financial reports to equally reveal to the investors both in the country and overseas the results of the Company's operation, the trend of the revenue and future project development on a regular basis with complete and true information. The dissemination of information has been made at appropriate time through various channels including the media, website, telephone calls, the Stock Exchange of Thailand and the Office of Securities and Exchange Commission, Thailand.

In addition, the Company has prepared the calendar of its activities in advance to disseminate information that is useful to investors, shareholders, analysts and the general public. The Company also revealed the operational results to the analysts, financial institutional investors, financial institutions and the media after every quarter and also held press conferences and disclosure of information to the Stock Exchange of Thailand to ensure that the Company has been completely in compliance with regulations stipulated in related laws. For investors and related persons who have queries and need more information, they can contact the Investor Relations Department of Supalai Public Company Limited, telephone 0-2725-8888 ext. 857, e-mail: ir_spali@supalai.com or via Company's website (www.supalai.com). The Company has set out the Code of Conduct for the investor relations as follows;

1. Must carry out duties using knowledge and ability proficiently in compliance with professional principles consistently with honesty, fairness, diligence and responsibilities.
2. Must present information of the Company, news and changes with transparency, clarity and in a timely manner based on the interest of all groups of stakeholders equally and honestly.
3. Refrain from disseminating information that affects the price of securities of the Company or may have impact on decision making to invest or on the rights and benefits of shareholders; present the information only after the formal submission of the information to the Stock Exchange of Thailand.
4. Refrain from disclosing the information that has no conclusion or in the process of negotiation which contains uncertainty or overestimation.
5. Refrain from using inappropriate words or format that may cause misunderstanding on the securities of the Company.

6. Create confidence, promote the good image and attitudes of the Company as well as maintaining good relations with the investors and the analysts.
7. Perform duties in accordance with rules and regulations, related laws and those of the regulatory organizations.
8. Maintain good relations with colleagues in the organization and external organizations.

The Company has publicized the Investor Relations' Code of Conduct in the Company's website, www.Supalai.com both in Thai and English. In 2017, the Company presented the results of operations to analysts, investors and financial institutional investors, financial institutions and the media as planned. (For details, please see Section: Investor Relations).

4.7 The Company' s Website

The Company has set up a website in both Thai and English to be used as a tool in communicating and disseminating various kinds of information to shareholders or the investors to be informed of information relating to the Company in a timely manner such as the nature of business, financial statements, press releases, shareholding structure, organization structure, the structures of its subsidiaries, information relating to the Board of Directors, the executives, roles and duties of the Board of Directors, Sub-Committees, reports on results of performance of the Sub-Committees, information on investor relations, Articles of Association, certificates, letters of invitation for the shareholders' meetings, reports on the Annual General Meeting of Shareholders, ethics and business's code of conduct, Handbook on Corporate Governance Policy and other policies. All of them can be downloaded conveniently from the website.

4.8 Board of Directors' Responsibility for Financial Reports

The Board of Directors had arranged for reports of its responsibility for the financial reports to be included in the Annual Report for the year 2017 by being responsible for the financial statements of the Company and the Company's subsidiaries including the financial information appeared in the Annual Report. The financial statements had been prepared in accordance with financial reporting standards stipulated in the Accounting Profession Act by taking into consideration the appropriate accounting policy. Such practice has been done on a regular basis with careful discretion and the best estimate in preparing such statements. Besides, the Company had sufficiently disclosed important information in the note of the financial statements based on facts with rationale and transparency to be useful for the shareholders and investors in general.

A part from this, the Board of Directors has set up an appropriate and efficient internal control system and has designated the Audit Committee comprising all independent directors to supervise and review the accounting policy, quality of financial report, internal control system and process in internal audit to ensure efficiency. The comments of the Audit Committee have already been included in the report of the Audit Committee.

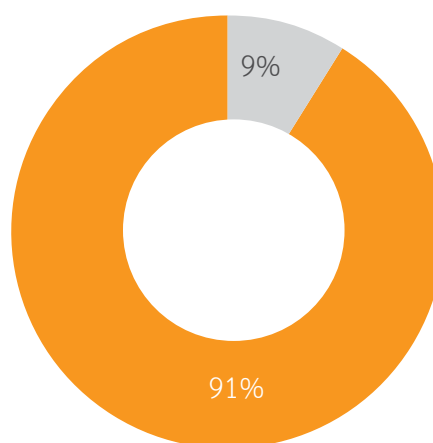
4.9 Market Share

The Company has a ratio of sales to the total sales made by the group of listed companies on the Stock Exchange of Thailand (SET) in the year 2017 as summarized below;

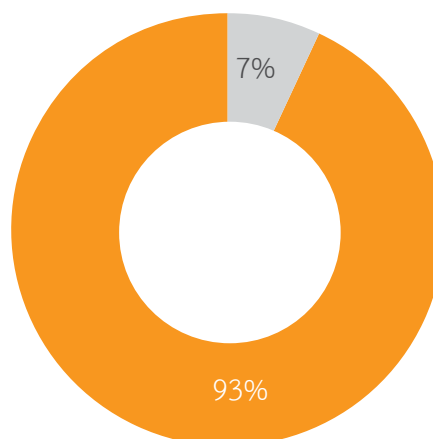
- For the group of low rise projects, the Company has a market share of approximately 9%
- For the group of high rise projects, the Company has a market share of approximately 7%

The Company's total market share amounts to approximately 6% of the entire shares achieved by the group of listed companies on the Stock Exchange of Thailand, details of which are illustrated below;

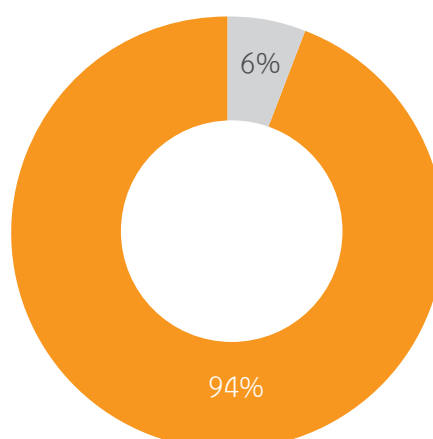
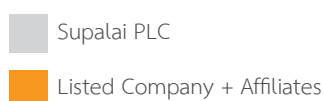
Ratio of the Company's sales to the total sales of the group of listed companies on the SET- Low-rise projects



Ratio of the Company's sales to the total sales of the group of listed companies on the SET- High-rise projects



Ratio of the Company's sales to the total sales of the group of listed companies on the SET- Low-rise and high-rise projects



Source: AGENCY FOR REAL ESTATE AFFAIRS : AREA

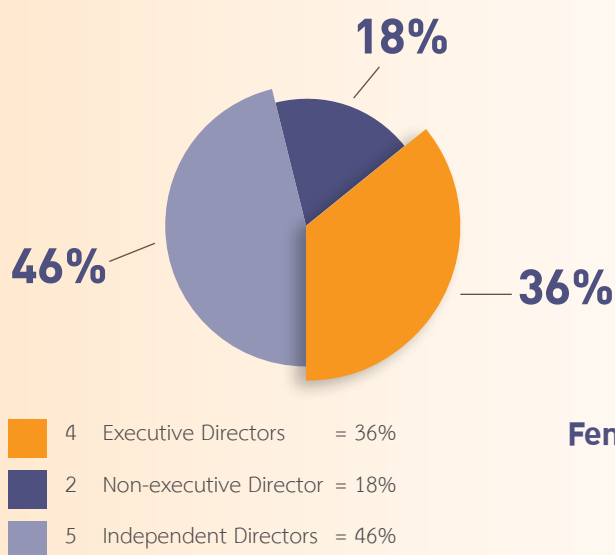
Chapter 5: Board of Directors' Responsibilities

5.1 Board Structure

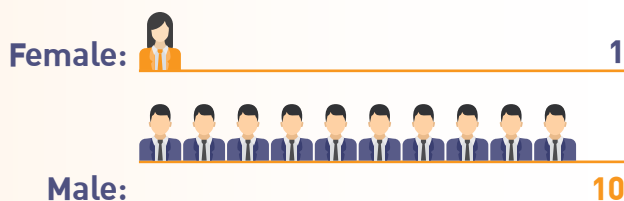
♦ Composition of the Board of Directors

The Company's Board of Directors comprises qualified persons with knowledge, ability and experiences useful to the Company. There are 11 directors in total and 1 board of advisor. The election of directors was in accordance with the resolution of the shareholders' meeting under the rules and procedures prescribed by law, comprising;

Composition of the Board of Directors



Note : 1 Board of advisor



The Authorized Directors to sign on behalf of the Company are Dr.Prateep Tangmatitham or Mrs.Ajchara Tangmatitham or Mr.Tritecha Tangmatitham or Mr.Krid Chancharoensuk, jointly signed by any two out of these 4 persons and affix with Company's seal.

Furthermore, the Company has set as a policy that its Board of Directors shall have a range of diversified structure to consist of persons with knowledge, ability, experience and various types of expertise in accordance with the business strategy of the Company including the merit and ethical conduct with good attitude towards the organization, leadership, far-sighted vision and dedication of sufficient time to work regardless of gender, nationality, religion, professional skill and other specific expertise. It also has appointment criteria and process for newly nominated directors (please see details under the title "Nomination of Board Members"). In addition, the 11 Directors of the Company, 1 board of the advisor, and its Executive Management have never been employees or partners of the external audit firm providing service over the past 2 years. The present Board of Directors has 5 independent and 2 non-executive directors, totally 7 directors with working experience related to the Company's business.

- **Company Secretary**

Mrs.Varunee Lapitananuvat, Deputy Managing Director (E-mail: varunee.lap@supalai.com) has been appointed as the Company Secretary by resolution of the Board of Directors' Meeting No. 7/2008 held on 29 May 2008 which is also an effective date of her appointment and commencement date of her duties. The qualifications, duties and responsibilities of the person in this position are as follows;

- ♦ **Qualifications of the Company Secretary**

1. Graduate with a degree in Law or Accounting or finance and has completed relevant training courses in the Company's secretarial functions and possess good knowledge experience and understanding of the business type of the Company. The Company secretary's related duties are duties of directors, duties of the Company, and also possess knowledge on relevant laws and regulations, and always keeps abreast with news and information in order to improve the performance of duties.
2. Comply with related laws, the Company's objectives, Articles of Association as well as resolutions of the Company's Board of Directors and the resolutions of the shareholders' meetings with accountability, care, honesty and commitment to support the Company's operations to achieve objectives under the principles of good corporate governance and business ethics.
3. Adhere to ethics and morality and always consider the interest of the shareholders; shall not do anything that may affect reputation and image of the Company.
4. Keep the Company's information confidential and safe and not look out for personal gains from the Company's business opportunity.
5. Have good interpersonal skills and ability to liaise with various departments and agencies, both inside and outside the Company.

- ♦ **Duties and Responsibilities of the Company Secretary**

1. Give basic advice to Directors in respect of laws, orders and regulations of the Company of which the Board of Directors needs to know, as well as to ensure proper and consistent compliance. Report any significant change in matter of laws to Directors.
2. Organize the shareholders' meeting and Board meeting in accordance with the laws, articles of association and proper practice.
3. Take the minutes of shareholders' meeting and Board meeting and disclosed the resolutions of the meeting accurately and completely, as well as to ensure compliance with the resolutions of the shareholders' meeting and Board meeting.

4. Prepare and keep the register of Directors, annual reports, letters of invitation for shareholders' meeting, letters of invitation for Board meeting, minutes of the shareholders' meeting and minutes of the Board meeting.
5. Keep the reports of interests filed reported by directors or executives and make submission as required by laws.
6. Ensure that there is the disclosure of information under responsibility to the regulatory agencies according to the regulations and requirements of government agencies.
7. Take care of meetings, documents, and activities related to Board of Directors.
8. Contact and communicate with general shareholders to keep them informed of various shareholders' rights and Company's news.
9. Oversea other matters relating to the Board of Directors, the management and the shareholders.
10. Carry out other duties as prescribed by the Capital Market Supervisory Board as well as complying with related laws and the Company's objectives, Articles of Association, resolutions of the Board of Directors and the resolutions of the Shareholders' meetings; coordinate to ensure implementation of the resolutions of the Board of Directors.

- **Independent Directors**

The Board of Directors has defined Independent Directors as those who can independently express their opinions to support policies beneficial to the shareholders or provide recommendations freely according to the assignments given taking into account any interest regarding properties or positions. The Independent Directors shall be independent from the control of the management and majority shareholders of the Company, and shall have no relations, no vested interest and not being under the influence of any individual or groups of persons. Also, there shall be no situation that prevents the Independent Directors from expressing their opinions as deemed necessary.

- ♦ **Set out Qualifications of Independent Director**

To build up confidence for investors and to keep a good balance of management, the Company, therefore, defines the independence of "Independent Director" in a more strict manner than the rules prescribed by the Capital Market Supervisory Board, as follows;

1. Appointed by the Board of Directors or the shareholders of the Company to be the Audit Committee members and be independent directors.
2. Hold shares of not more than 0.5 percent of the voting shares of the Company, subsidiary companies, associated companies, or any juristic persons with potential conflict, including the shares held by related persons of such independent director.

3. Have never been a director with participation in management, a hired worker, an employee, an advisor with fixed salary, or a person with control over the Company, subsidiary companies, associated companies, or juristic persons with potential conflict, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.
4. Must not be a person related by blood or by legal registration as father, mother, spouse, sibling, and offspring, including spouse of offspring of an executive or major shareholder, controlling person, or a person who will be nominated as executive or controlling person of the Company or subsidiary companies.
5. Have never had any business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts to the extent that may obstruct the using of his/her independent discretion, and is not nor ever have been a major shareholder, a non-independent director or an executive of those with business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, unless having been relieved from such title for not less than 2 years before the date of filing an application with the Office of the Securities and Exchange Commission, Thailand.
6. Have never been an auditor of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, and is not a major shareholder, a non-independent director, an executive, or a managing partner of the audit firm where the auditors of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts are working for, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.
7. Have never been a provider of any professional service, including a legal consultant or financial consultant, with remuneration in excess of Baht 2 million per annum from the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts. Where the provider of professional service is a juristic person, it shall include the major shareholders, non-independent directors, executives, or managing partners of such professional service provider, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.
8. Must not be a director appointed as the representative of the Company directors, major shareholders, or any shareholders who are connected persons of the major shareholders of the Company.
9. Must not possess any other characteristics that will prevent the independent expression of opinions in respect of the operations of the Company.
10. The Independent Director who are qualified according to 1 - 9 may be assigned by the Board of Directors to make decision on the operations of the Company, the operations of the subsidiaries, associated companies or juristic entities which may have a conflict. The decision could be made in the form of panel.

- **Term of Sub-Committees**

The term of Sub-Committees, i.e. Audit Committee, Corporate Governance Committee, Risk Management Committee and Nomination and Compensation Committee, shall be 3 years for each term. Upon the retirement at the end of a term, reappointment may be made.

5.2 Board of Directors

- **Segregation of Roles and Duties Between the Board of Directors and the Management Team**

The Company has clearly segregated the roles, duties and responsibilities of the Board of Directors from those of the Management Team as per the following details;

Chairman of the Board	Chief Executive officer
<ol style="list-style-type: none"> 1. Be responsible, as the Leader of the Board, for overseeing, monitoring and supervising the management of the Executive Committee and other sub-committees to ensure that the Board of Directors and other committees perform their duties efficiently in order to achieve the objectives and goals according to the plans set forth. 2. Act as the Chairman of the Board of Directors' meetings and the shareholders' meetings, and ensure that all Directors are involved with the promotion of organizational culture with ethics and comply with good corporate governance and business ethical conduct of the Company. 3. Give a casting vote in the event of a tie of vote in the Board of Directors' meetings. 4. Allocate adequate time to discuss important issues, set the meeting agenda of the Board of Directors' meeting with the independent Directors, and ensure that there be measures to include important matters on the agenda of the meeting as well as promoting and supporting the management to exercise thoughtful discretion, while encouraging them to discuss, make enquiries and express opinions on various issues during the meetings. 5. Promote constructive relationship both among directors, and between the Board of Directors and the management. 	<ol style="list-style-type: none"> 1. Manage and operate the business of the Company according to the strategic directions and policies approved by the Board of Directors according to the scope and powers prescribed by the Board of Directors. 2. Set up both short-term and long-term business goals in the annual business plan as well as the expense budget and long-term strategic plan to be approved by the Board of Directors. In addition, shall report the progress of the plan and the approved budget to the Board of Directors after every period of 3 months. 3. Supervise the operations through the Management Committee to achieve the goals as specified in the business plan by focusing on creating long-term value for shareholders, building the competitiveness and providing appropriate returns to the shareholders. 4. Allocate resources and recruit personnel with potential to create maximum benefits. 5. Employ, appoint, remove, relocate, promote, reduce, cut the salary or wage, impose disciplinary penalties upon the officers and employees and remove the employees from the positions according to the regulations prescribed by the Board of Directors. 6. Promote and establish a strong organization culture and support the vision and business growth. 7. Monitor the operations of the Company closely, evaluate the operational results and report the operations already carried out by the Management to the Board of Directors in a timely manner. 8. Consider, screen and propose for approval from the Board of Directors regarding the policies and business direction of the Company, matters which, if carried out, would cause significant change to the business of the Company and matters to follow the laws and regulations of the Stock Exchange of Thailand. 9. Prepare details on operational powers within the Company in order to decentralize such power to enable the employees to carry out the operations and make decision efficiently with flexibility without losing control, to be proposed for approval by the Board of Directors. 10. Prepare quarterly reports on financial position and financial statements to be considered and approved by the Board of Directors.

The above-mentioned authorization of power to the Chief Executive Office must not be in such a manner as to be able to approve the transaction of interest of oneself or other persons who may have conflict or conflict of interest with the Company or its subsidiaries unless it is a normal business operation of the Company and has been approved by the meeting of the Board of Directors, in which attended by independent Directors and the scope of consideration has already been clearly outlined. Also, such authorization must be in compliance with the criteria of the Office of the Securities and Exchange Commission and the Regulations of the Stock Exchange of Thailand or as prescribed by other government agencies.

The Company's Board of Directors perform the duties by taking into account integrity, transparency, fairness and maintenance of the Company's interest the Following details;

- **There are 2 Main Aspects of the Duties and Responsibilities of the Board of Directors as Follows:**

1. **Adopt Business Directions, Policies and Strategy**

- Ensure adequate system or mechanism so as to be confident that the operations of the Company are in compliance with the law, objectives, goals, articles of association and operational policies of the Company including the resolutions of the shareholders' meeting, while maintaining the interests of the Company based on good corporate governance principles.
- Define visions, mission, organizational values, strategic direction, objectives, mail goals and operational policies of the Company, which would be reviewed regularly and approved every year to be consistent with the business plan of the Company.
- Control and supervise the operations of the Company to be in line with the rules and regulations of concerned agencies, be responsible and maintain the benefits of shareholders in order to create sustainable value of the business, while also disclosing information in sufficient, correct, complete, standardized and transparent manner to shareholders and all relating parties.
- Ensure that there be anti-corruption policies and practical guidelines, clear mechanism for lodging complaint with communication at all levels of the organization and with outsiders in order to put into real practices.
- Approve the strategies, key operational policies including objectives, financial goals and the Company plans, while monitoring, evaluating and ensuring that the performance reports comply with the plans, objectives and established goals.
- Consider and approve the annual budget for investment and business operations as well as supervising the use of the Company's resources.
- The Board of Directors has the power to appoint one Director to be the Executive Committee and Management committee as may be deemed appropriate.

- Consider and appoint sub-committees to perform duties according to the responsibilities of the Board of Directors, and set out clear scope of duties of sub-committees, while arranging for report on the performance of the sub-committees.
- Encourage the use of information technology to be part of the strategy, and ensure that it is used to increase business opportunities, development of operating result and sustainability of the business.
- Attach importance to and support innovation that increase the value of business in apparel with the creation of benefits to customers or related parties society and the environment.
- Provide a mechanism to ensure that shareholders are involved in making decisions on important matters of the Company, organize the Annual General Meeting of Shareholders within 4 months from the closing date of the accounting year of the Company, and organize the Extraordinary General Meeting of shareholders when necessary to be in an orderly manner, transparent, efficient and ensure that the shareholders have exercised their rights.
- Set up a mechanism to oversee policy and operations of the Company, its subsidiaries and other businesses invested by the Company with significant implication.
- Organize the meeting of the Board of Directors every quarter with schedule and agenda set in advance, and there must be not less than one half of the number of Directors attending the meeting; the decision of the meeting must be made by a majority vote; if there is a tie of votes, the Chairman can have a casting vote.
- Encourage the management committee, the executives or people concerned to attend the meeting to provide further details as persons directly involved with the problems.
- Provide advice, jointly discuss the problems extensively and make careful decision on matters according to the agenda of the Board of Directors' meeting and be able to independently propose matters beneficial to the Company to be included in the meeting agenda.
- Prepare reports on responsibilities of the Board of Directors regarding the financial statements by presenting together with the reports of the auditors in the annual report, which shall cover important matters in accordance with the policy on best practices for Directors of listed companies on the Stock Exchange of Thailand, as well as preparing reports on sustainability.
- Reported on interest by recording in the minutes of the Board of Directors' meeting.
- Consider, set out and make changes of the names of directors having authority to sign and bind the Company.
- Authorize the Chief Executive Officer to have the power to carry out the business operations of the Company as well as the power to appoint and remove the employees of the Company

and determine the remuneration for working according to the policies of the Board of Directors; and authorize the employees with the operational powers in accordance with the business condition.

- Encourage the use of information technology to disseminate information, and be able to have access to additional necessary information; and in a necessary case, the Board can arrange to have an opinion from independent consultants or professionals with an expense of the Company.
- Engage in creating and driving ethical corporate culture that adhere to ethics, whereby the Board of Directors shall behave as role model leaders in terms of corporate governance.

2. Monitoring the Operations of the Management for a Check and Balance

Such assignment does not remove responsibilities of the Board of Directors as the Board of Directors should continue to monitor the management to ensure that it perform the assigned duties as follows;

2.1 Corporate Governance

- Follow up and ensure that the Management Board conduct business with corporate social and environment responsibilities reflected in the operational plan and transfer the strategic plan to be implemented in accordance with the Company's strategic plan, objectives and main goals as well as adopting a framework for budget allocation and resource management for the development to be efficient and effective by taking into account the impact and the development of resources throughout the value chain.
- The Management Committee shall report on the operational results at least once after each quarter in order to be able to control and oversee the performance of the Management Committee continuously and in a timely manner.
- The non-executive Directors shall organize a meeting among themselves as deemed necessary in order to discuss various concerned management issues without the participation of the management, and report to the President for acknowledgement.
- There shall be monitoring of adequacy of liquidity and ability to pay debts of the business together with a plan to solve the problems and restore the operation in response to financial problems, or when there is a tendency to have problem.
- Monitor, manage and solve conflicts of interest that may be incurred and ensure that connected transactions are in accordance with the steps of operations and disclosure of information as required by law; this includes the prevention of unauthorized use of property, information and opportunities of the Company as well as transactions with those who have a relationship with the Company in an inappropriate manner.

- Supervise the working units and the persons responsible for investor relations to set out directions to support the activities regarding the investor relations and ensure that there be appropriate channels of communication with the shareholders and stakeholders of the Company, such as investors, analysts and the media on an appropriate and equal basis.
- Arrange for accounting system, financial and auditing reports and ensure that there are efficient and effective internal control system and audit Internal.
- Arrange for a preparation of statements of financial position and income statements as at the ending date of the accounting year of the Company to be presented to the Annual General Meeting of Shareholders for approval whereby the Board of Directors must arrange for an audit by the auditor before presenting to such meeting of shareholders.
- Arrange for a report on important financial and general information to the shareholders in a correct, complete and sufficient manner; and confirm the verification of information reported.
- Arrange for disclosure of financial and non-financial information which is clear, transparent, reliable and high standard.

2.2 Internal Control and Risk Management

- Set up guidelines for risk management in an extensive manner and ensure that the Executives apply internal control system effectiveness with or risk management process.
- Arrange for an internal control and audit as well as systems for financial control, business operation and supervision including risk control and management.

2.3 Remuneration for Directors

- The Board of Directors is responsible for proposing the directors' remuneration to the Annual General Meeting of Shareholders for approval by considering the structure and compensation rates suitable for the duties and responsibilities which are incentives to motivate the Board of Directors to lead the organization to operate according to both short-term and long-term goals.

2.4 Remuneration for Executive Management

- To appoint and set up remuneration of Chief Executive officer.
- Ensure that there be appropriate compensation system or mechanism for high level executives in order to create both short-term and long-term incentives for them to perform the duties in accordance with the objectives and main goals of the Company.

- The Board of Directors has the duty to evaluate the performance of Executive Management and set out remuneration in accordance with their performance.

3. Self Assessment

The Board of Directors shall arrange for an annual appraisal of the Board of Directors, the sub-committees and individual Director at least once a year by the Nomination and Compensation Committee, whereby the appraisal results shall be used for developing the Directors' performance.

4. The Appointment of a Person Qualified to Act as Company Secretary

• Appointment and Removal of Company Directors

The Board of Directors has delegated to the Nomination and Compensation Committee to propose to the shareholders' meeting for approval under the rules and procedures as prescribed in the articles of association, with the key contents as follows;

1. The Company Directors are elected by the shareholders' meeting, with the number of not less than five directors, and of which not less than 3 must be independent directors. Not less than one half of all directors must have domicile in the Kingdom. In addition, at least 1 director must possess knowledge in accounting and finance. The directors must have qualification as prescribed by laws and regulations.
2. The shareholders' meeting shall elect directors as screened and nominated by the Nomination Committee under the following rules;
 - (1) A shareholder has the vote of one share per one vote.
 - (2) Each shareholder must put all of his/her votes under (1) to elect a person or several persons as directors, but he/she is not allowed to split his/her votes.
 - (3) Those who receive the highest number of votes will be elected in descending order as directors, equaling the numbers of directors to have or to be elected at that time. In case of a tie between runners-up, exceeding the numbers of directors to have or to be elected at that time, the Chairman shall make the casting vote.
3. At every Annual General Meeting of Shareholders, one-third of directors shall retire from office. If it is not possible to divide the numbers of directors into 3 exact portions, retirement shall be made by the numbers closest to one-third. The directors to be retired in the first year and second year after company registration shall be decided by a draw. For the later years, the directors who have been in office for the longest period shall retire.

4. Any director who wishes to resign from his/her position shall submit the resignation letter to the Company. The resignation shall take effect as from the date on which the resignation letter reaches the Company.
5. Resolution to remove any director from a position before the end of his/her term shall be made by the votes of not less than three-fourth of the numbers of shareholders that attend the meeting and with voting right, and with all the shares held together not less than one half of the shares held by those attending the meeting with voting right.

- **Delegation of Authority by the Board of Directors**

Two out of four Authorized Directors with signatory power, jointly affix their signatures, for the Company, to authorize other directors or other persons to perform on his/her behalf the Company's affairs within a certain period.

In this regard, the delegation of authority and responsibility by the Board of Directors will not be the delegation or sub-delegation of authority in such a manner that enables the Board or its attorneys to approve any transactions for oneself or for any person with potential conflict (as defined in the Notification of SEC) for both the Company and subsidiary companies. The approval authorities of the Board of Directors are as follows;

- Consider and approve the acquisition or disposal of assets unless such transaction must be approved by the meeting of shareholders; such approval must be made according to the notifications, regulations and/or rules relating to the Office of the Securities and Exchange Commission, Thailand.
- Consider and approve the related party transaction unless such transactions must be approved by the meeting of shareholders; such approval must be made according to the notifications, regulations and/or rules relating to the Office of the Securities and Exchange Commission, Thailand.
- Consider and approve the payment of interim dividends to shareholders when deem appropriate that the Company has sufficient profits to do so, and report such dividend payment to the subsequent shareholders' meeting.
- It has the power to consider and approve the borrowings or application for any credit facilities from financial institutions or determine new amount of overdraft (OD) as well as the amount of capital for investment and purchase of land of any item worth more than Baht 200 million each.

- **Nomination of Board Members**

The Company has appointed the Nomination and Compensation Committee to consider selecting and screening the persons nominated for appointment as directors, taking into consideration the proper proportion, numbers and composition. The Nomination and Compensation Committee shall consider selecting qualified persons who do not possess any prohibited characteristics pursuant to the Company's Articles of Association for recommendation to the Board of Directors in order for the Board to nominate such persons to be elected on an individual basis in the Annual General Meeting of Shareholders.

The Nomination and Compensation Committee set the criteria providing and process for remuneration in a systematic manner are as follows;

1. The Company provides for small shareholders to nominate the names of suitable persons or consider the persons from the director pool or consider existing directors to be re-appointed, or each director proposes the name of suitable persons to be appointed.
2. Select and screen the persons with suitable qualifications to be directors, such as suitable knowledge, experiences and specific ability corresponding to the business operation strategy of the Company, which is in line with the Board Skill Matrix.
3. Examine list of names of nominated persons if they possess the qualifications according to the laws and requirements of regulatory agencies.
4. Consider the dedicated time of directors, their stake or conflict of interest with the Company in case of re-appointment for another term of office by taking into account the performance of duties while serving their terms, their provision of beneficial recommendations, opinions and participation in various activities including the number of companies to be working for as directors to ensure that their efficiency will not decrease.
5. In case of appointment of independent directors, their qualifications must be in line with the criteria adopted by the Company, which is stricter than those adopted by the Capital Market Supervisory Board.
6. Prepare the list of names already considered and screened by the Nomination and Remuneration Committee including their qualifications in an orderly manner to be proposed to the Board of Directors to be further proposed to the Annual General Meeting of Shareholders to consider one after another.

In case of the appointment of directors retiring upon the end of term of office and the appointment of new directors, according to the Articles of Association of the Company, the shareholders shall elect the Directors according to the following criteria and methods;

- 1) One shareholder has one vote per one share.
- 2) One shareholder must exercise all the votes in (1) to elect one or many persons to be Directors but cannot divide the votes to any one person in different numbers.

- 3) The persons receiving the highest numbers in respective order shall be selected to be Directors in the number equal to the prescribed number or the number for such particular election. In the case of a tie of votes for the respective order of the candidates exceeding the prescribed number of Directors or the number of Directors for such particular election, the Chairman shall have a casting vote.

- **Authority of the Board of Directors**

1. The Board of Directors is responsible for compliance with the laws, objectives and articles of association of the Company including resolutions of the shareholders' meeting by performing duties with responsibility, duty of loyalty and duty of care to protect the interests of shareholders at present and in the future. The Board shall also comply with the rules and regulations of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission Thailand and the Capital Market Supervisory Board established under the Securities and Exchange Act B.E. 2535 (1992) amended by the Securities and Exchange Act (No. 4), B.E. 2551 (2008).
2. The Board of Directors is empowered to appoint a director as the Chairman, and can also appoint Vice Chairman, as deemed appropriate.
3. The Board of Directors is empowered to appoint a director as the Chief Executive Officer, and can also appoint any person to be the Company Secretary, as deemed appropriate.
4. The Board of Directors shall ensure that the Directors attend trainings and develop necessary knowledge continuously in order to increase knowledge relating work by using the Company's resources.

- **Meeting and Quorum of the Meeting**

The Company organizes the Board meeting at least once a month, and with special meetings organized as necessary. Directors are required to attend meeting every time except in case of necessity. The meeting will be pre-scheduled with exact date, time, and agenda for the whole year, which will be every second Tuesday of each month. A letter of invitation along with meeting agendas and supporting documents will be forwarded to each Director not less than 7 days before the meeting to allow them with enough study time, except in case of emergency that affects the Company's interest. The minutes of the meeting will be taken down and completed within 14 days from the date of the meeting. Every Director can check the minutes of the meeting anytime by making request with the Company Secretary. The minutes of meeting already adopted by the Board of Directors will be retained in full along with related documents.

1. The Company has adopted a policy which states that if in any agenda of the meeting, any director has an interest which may be in conflict with the interest of the Company, the Company Secretary shall not forward the meeting agenda concerned to him or

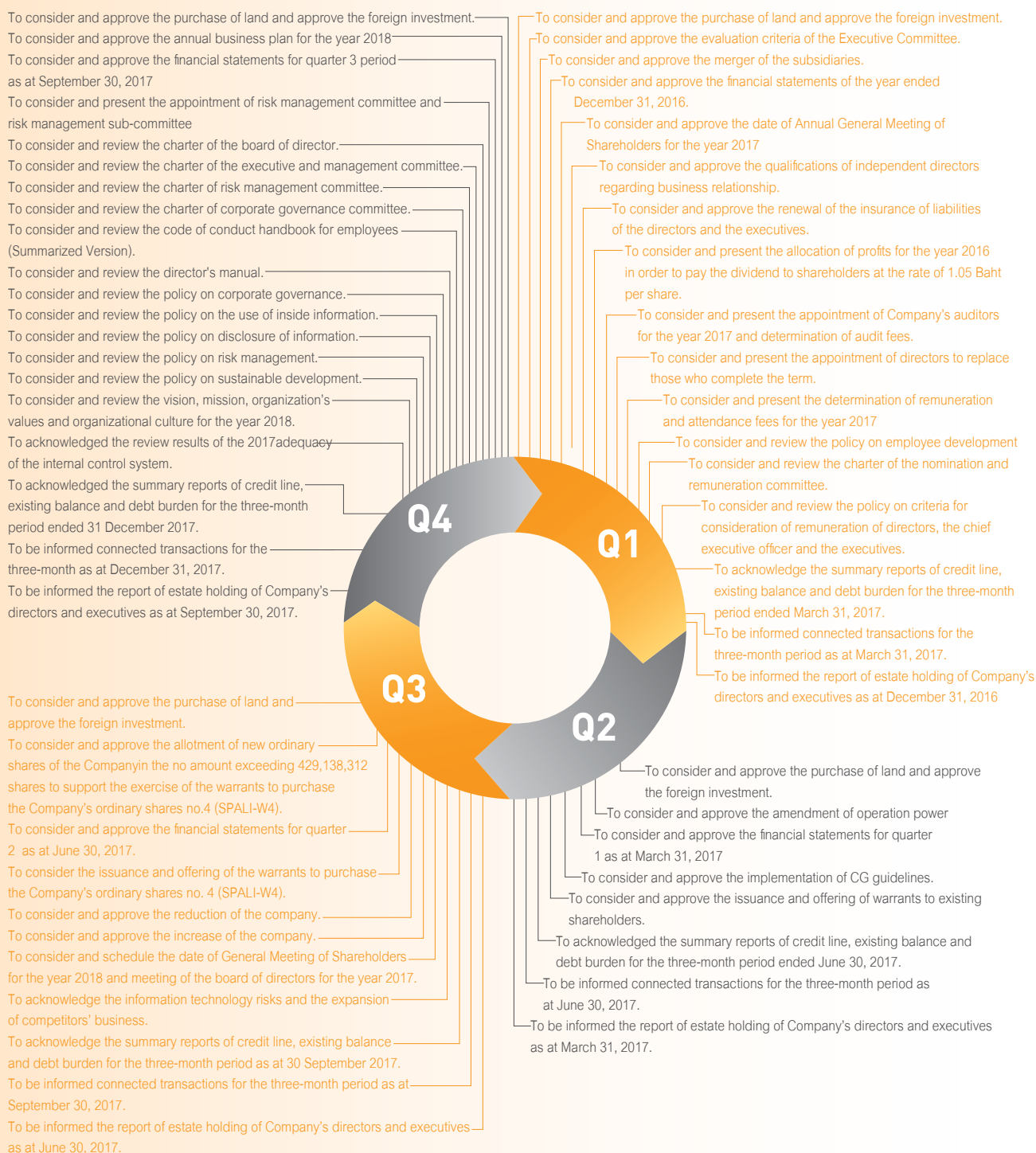
her. Consequently, the director who has such an interest must temporarily leave the meeting room and shall abstain from voting on such resolution. This is to be in line with the traditional practice of the organization that the Board of Directors has continuously abided by.

2. To form a quorum for a Board meeting, not less than one half of the total numbers of director must attend the meeting. Where the Chairman is not in the meeting or cannot perform the duty, the Vice Chairman, if any, shall act as the Chairman. If there is no Vice Chairman, or if the Vice Chairman cannot perform the duty, the directors attending the meeting shall select one director to act as Chairman of the meeting.
3. A decision is reached by a majority of the votes.
4. Each director has 1 vote, with the exception that any director with interest in the issue is not entitled to vote in such matter. In the event of a tie of vote, the Chairman shall give the casting vote.
5. To call a Board meeting, the Chairman or the person delegated shall send the letter of invitation not less than 7 days before the meeting, except in case of emergency for the protection of the Company's right or interest, the meeting may be called by other means and may be made sooner.
6. In respect of good corporate governance, the Company has set out a policy determining that a minimum quorum of a meeting required at the time of voting must comprise not less than two-thirds of the number of all directors.

• Performance of Duties of the Board of Directors

In 2017, the Company organized 12 meetings of the Board of Directors. The performance of the Board of Directors is summarized as follows;

Performance of Duties of the Board of Directors in 2017



5.3 Sub-Committees

The Board of Directors has appointed committee members who possess proper knowledge, expertise as the Sub-Committees, to help in studying and screening important matters that need close supervision and to give suggestions to the Board. The Company's Committees comprise Audit Committee, Every member of the Audit Committee has sufficient, knowledge and capability in finance and accounting to audit the financial. Corporate Governance Committee, Nomination and Compensation Committee and Risk Management committee.

5.3.1 Audit Committee

The Board of Directors approved the establishment of the Audit Committee on 18 November 1999 by appointing the Company's directors who possess qualifications according to the Securities and Stock Exchange Act and as set out by the Stock Exchange of Thailand to be the Committee members. The Audit Committee comprises the following 3 independent members who have possessed knowledge, understanding or experience in Accounting and Finance.

No.	Name	Position in Audit Committee	Position in Board of Directors	Attendance at Board of Director's Meeting
1.	Mr.Prakit Pradipasen	Chairman of the Audit Committee	Independent Director	12/12
2.	Mr.Anant Gatepithaya	Member of the Audit Committee	Independent Director	12/12
3.	Assist.Prof. Aswin Bijayayodhin	Member of the Audit Committee	Independent Director	12/12

The Board of Directors has adopted the Charter of the Audit Committee as follows;

♦ Elements of the Audit Committee

1. Audit Committee members must be independent directors.
2. The Audit Committee must consist of at least 3 members, and at least 1 member must have knowledge on finance and accounting.

♦ The Qualifications of Audit Committee

1. Appointed by the Board of Directors or the shareholders of the Company to be the Audit Committee members and be independent directors.
2. Hold shares of not more than 0.5 percent of the voting shares of the Company, subsidiary companies, associated companies, or any juristic persons with potential conflict, including the shares held by related persons of such independent director.

3. Must not be nor have ever been a director with participation in management, a hired worker, an employee, an advisor with fixed salary, or a person with control over the Company, subsidiary companies, associated companies, or juristic persons with potential conflict, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.
4. Must not be a person related by blood or by legal registration as father, mother, spouse, sibling, and offspring, including spouse of offspring of an executive or major shareholder, controlling person, or a person who will be nominated as executive or controlling person of the Company or subsidiary companies.
5. Must not have nor have ever had any business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts to the extent that may obstruct the using of his/her independent discretion, and is not nor ever have been a major shareholder, a non-independent director or an executive of those with business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, unless having been relieved from such title for not less than 2 years before the date of filing an application with the Office of the Securities and Exchange Commission, Thailand.
6. Must not be nor have ever been an auditor of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, and is not a major shareholder, a non-independent director, an executive, or a managing partner of the audit firm where the auditors of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts are working for, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.
7. Must not be nor have ever been a provider of any professional service, including a legal consultant or financial consultant, with remuneration in excess of Baht 2 million per annum from the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts. Where the provider of professional service is a juristic person, it shall include the major shareholders, non-independent directors, executives, or managing partners of such professional service provider, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.
8. Must not be a director appointed as the representative of the Company directors, major shareholders, or any shareholders who are connected persons of the major shareholders of the Company.
9. Must not possess any other characteristics that will prevent the independent expression of opinions in respect of the operations of the Company.

10. The Independent Director who are qualified according to 1 - 9 may be assigned by the Board of Directors to make decision on the operations of the Company, the operations of the subsidiaries, associated companies or juristic entities which may have a conflict. The decision could be made in the form of panel.

♦ **Scope of Duties and Responsibilities of Audit Committee**

1. To review for the Company to ensure the accuracy and sufficient disclosure of the reports on both financial and non-financial performance while offering opinions and management guidelines to ensure appropriateness and transparency of the Company's operations.
2. To review for the Company to ensure proper and effective internal control and internal audit. Consider the independence of internal audit unit, as well as to approve the appointment, transfer, dismissal of the head of internal audit unit or any other departments responsible for internal audit work.
3. To review for the Company to ensure compliance with the laws governing securities and exchange of Thailand, requirements of the Stock Exchange or any laws related to the Company's business.
4. To review effectiveness and suitability of the risk management while providing recommendations and following up with significant progress systematically.
5. To ensure that the Company has the internal control measures including the supervision, implementation of anti-corruption measures, risk assessment as well as providing recommendations, and report regularly to the Board of Directors on the audit results according to the anti-corruption measures.
6. To select and propose for appointment of an independent person to act as the Company's auditor, and to offer remuneration for such person, as well as to attend meeting with the auditor at least once a year without a presence of the management.
7. To consider related party transaction or transactions with potential conflict so that they are in compliance with laws and regulations of the Stock Exchange of Thailand, to ensure that such transactions are reasonable and for maximum benefit of the Company.
8. To prepare report of the Audit Committee, disclosed in the Company's annual report. Such report must be signed by the Chairman of the Audit Committee and must comprise at minimum the following information:
 - 8.1 Opinions in respect of the accuracy, completeness, reliability, of the Company's financial reports and non-financial reports.
 - 8.2 Opinions about Risk Management.

- 8.3 Opinions regarding the adequacy of the Company's internal control system.
- 8.4 Opinions about compliance with the laws governing securities and exchange, requirements of the Stock Exchange of Thailand or laws relevant to the Company's business.
- 8.5 Opinions about transactions with connected transactions which might contain conflicts of interest.
- 8.6 Opinions about Implementation of counter-corruption measures.
- 8.7 Opinions about Internal audit.
- 8.8 Opinions about the suitability of the auditor.
- 8.9 Numbers of meeting of the Audit Committee and attendance by each committee member.
- 8.10 Opinions or remarks in whole obtained by the Audit Committee from performing duties under the charter.
- 8.11 Other items that should be known by its shareholders and general investors under the scope of duties and responsibilities assigned by the Board of Directors.
- 9. The Audit Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company's resources.
- 10. To review and amend the Audit Committee Charter and Propose to the Board of Director for approval.

♦ **Any Other Operations Assigned by the Board of Directors with the Audit Committee's Approval**

In performing duties, the Audit Committee is responsible directly to the Board of Directors. The Board of Directors also has responsibility for the operations of the Company to the third party.

In performing duties, if the Audit Committee has found or suspected that there are items or acts relating to 1) items with a conflict of interest, 2) dishonest acts or irregularity or major defects in an internal control system 3) breach of the Securities and Exchange Act, requirements of the Stock Exchange of Thailand or the laws relating to the business of the Company which may have a significant impact on the financial position and operational results of the Company. The Audit Committee shall report to the Board of Directors for rectification and improvement within the time deemed appropriate by the Audit Committee.

If the Board of Directors or the executives do not take any actions to ensure the rectification in time, one of the Audit Committee members may report on such item or action to the Office of the Securities and Exchange Commission, Thailand or the Stock Exchange of Thailand.

◆ **Reporting**

After each meeting of the Audit Committee, the Secretary of the meeting shall summarize the opinions and comments of the meeting and submit to the Company's Board of Directors for acknowledgment and / or for consideration.

◆ **Miscellaneous**

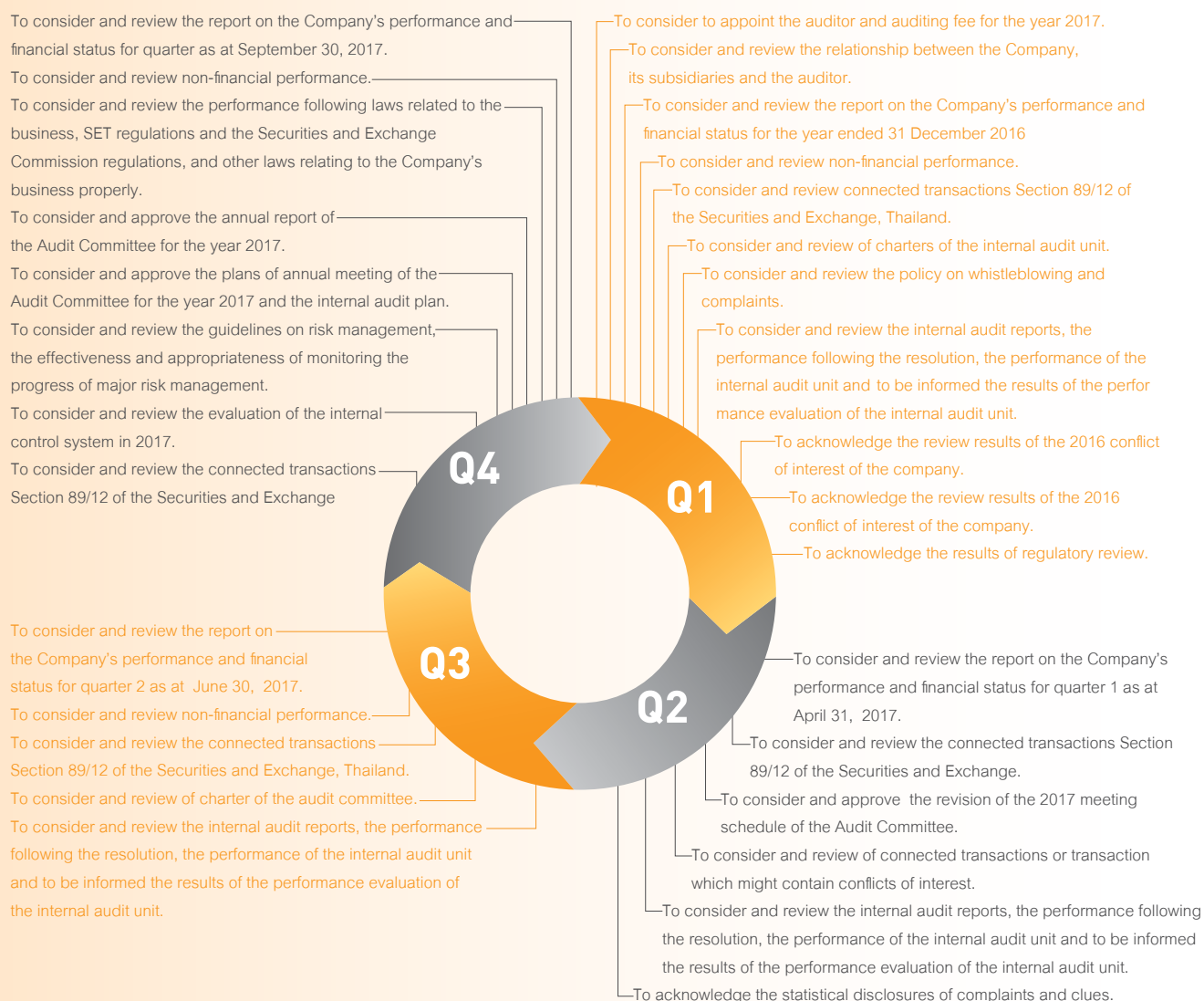
1. The Audit Committee has the authority to invite the executives, related persons or auditors to attend a meeting to provide additional explanation and information.
2. The Audit Committee may seek independent opinion from any other professional advisors as deemed necessary with the Company's expense.
3. The Audit Committee are in charge of consideration and providing opinions on the appointment, transfer, considering of merit or dismissal of the internal audit manager.

Interested parties could view full version of the aforementioned Charter on the Company's website www.supalai.com under Section: About Us / Board of Director / Sub-Committee / Audit Committee / Audit Committee Charter.

◆ **Performance of the Audit Committee**

In 2017, the Audit Committee organized 12 meetings and reported to the Board of Directors. The Audit Committee also attended meetings with the external auditor every quarter and participated in meetings with the executive of Finance and Accounting. The performance of the Audit Committee based on the attendance of the 12 meetings can be summarized as follows;

Performance of Duties of the Audit Committee in 2017



5.3.2 Nomination and Compensation Committee

The Board of Directors approved the establishment of the Nomination and Compensation Committee comprises the following 3 members as follows;

No.	Name	Position in Nomination and Compensation Committee	Position in Board of Directors	Attendance at Nomination and Compensation Committee's Meeting
1.	Mr. Prakrit Pradipasen*	Chairman of the Nomination and Compensation Committee	Independent Director	2/2
2.	Assoc.Prof.Dr.Virach Aphimeteetamrong	Member of the Nomination and Compensation Committee	Independent Director	2/2
3.	Mrs.Ajchara Tangmatitham*	Member of the Nomination and Compensation Committee	Director	2/2

The Board of Directors has adopted the Charter of the Nomination and Compensation Committee as follows;

♦ **Element of the Nomination and Composition Committee.**

1. The Nomination and Compensation Committee comprises, which is more than one half of the total number of independent members.
2. The Nomination and Compensation Committee shall comprise at least 3 members, and the Chairman of the Committee must be an independent director with seniority or the person with high level of knowledge and experiences.
3. In the year that the Chairman of the Nomination and Remuneration Committee has been nominated to be re-elected for another term, the Chairman of this Committee shall not participate in such meeting agenda.

♦ **Qualifications of Nomination and Compensation Committee Members**

1. Appointed by the Board of Directors or the shareholders of the Company to be members of the Nomination and Compensation Committee.
2. There is no any other aspect preventing members from making comment freely on consideration of forms and criteria for paying Compensation to Directors and Executives Management.
3. Having knowledge, ability, experiences and understanding regarding the qualifications, duties and responsibilities of the Nomination and Compensation Committee as well as the knowledge relating to corporate governance.
4. Being independent according to good governance principles and being impartial in nominating and recruiting persons qualified to fill in various positions.
5. Being able to devote sufficiently time in performing duties.

• **Scope of Duties and Responsibilities**

Nomination

1. Review criteria and recruiting methods that must be transparent and clear to be proposed to the Board of Directors for approval prior to the nomination of members to replace Committee members whose term of office is expiring.
2. Establish and review criteria and recruiting methods for persons in accordance with the Board Skill Matrix approved by the Board of Directors in order for the appointment to be suitable with the nature of business of the Company.
3. Ensure that there be background check, selection and screening of the persons qualified to be Directors of the Company, that is, the persons must have skills, experiences and specific ability

relating to the business of the Company, and propose to the Board of Directors in order to further propose the names and background of such persons to be elected by the meeting of shareholders.

4. Consider the qualifications of persons to be appointed as independent directors to be in accordance with the criteria adopted by the Company which is more strict than those adopted by the Capital Market Supervisory Board.
5. Consider, select and screen the qualified person to be the Chief Executive Officer and propose to the Board of Directors to consider.
6. Consider and give opinions on the proposals of the Chief Executive Officer to be further proposed to the Board of Directors regarding the policies on human resources to be in accordance with the business strategy of the Company.
7. Ensure that the succession plan of important high level executive positions and list of qualified persons is reviewed from time to time.

Compensation

1. Consider and scrutinize the Compensation rate for Directors to be suitable with the responsibility and be incentive to lead the organization to achieve both short-term and long-term goals, in order to propose to the Board of Directors to further propose for approval from the meeting of shareholders.
2. Consider the criteria and the compensation structure for the President and the executives at the level of Assistant Managing Director and above to be incentive according to the strategic plan and in line with the benefits of the shareholders, such as the form of remuneration payment, levels of payment in comparison with the industry in order to propose for approval from the Board of Directors in the form of cash and non-cash. This is to be suitable, in line with the strategy, long term goals and operational results of the Company, while linking with the value created for the shareholders by the Company and being able to compare with the level of the industry, experience and duties assigned to the Directors.
3. Review the strategies on providing benefits and propose to the Board of Directors in order to be incentives to retain the employees with potential as well as to make suggestion to senior executives of the Company on consideration of the salary or other benefits.
4. Determine terms and conditions for employment of the Chairman of the Executive Committee including benefits and recruitment, and propose recommendation to the Board of Directors to consider the successor of the Executive Committee Chairman.

Other

1. Consider the structure and composition of the Board of Directors by reviewing the number, qualifications and experience of the directors to be suitable with the size, category and complex

of the business; also consider the compensation, and provide recommendations for the selection of persons who are eligible to be nominated as directors to be approved by the shareholders.

2. To review policies on the Board of Directors' Diversity to the business operation strategy of the Company.
3. To review and amend the Nomination and Compensation Committee Charter and propose to the Board of Director for approval.
4. The Nomination and Compensation Committee has the authority to invite the executives or related persons to attend the meeting to provide additional explanation and information.
5. The Nomination and Compensation Committee may seek advice from experts at the expense of the Company in order to be able to perform their duties in accordance with the Charter efficiently.
6. Consider the knowledge development plan for existing directors and new directors so as to be suitable and in line with the roles and duties of existing directors and those of the Board of Directors as well as developments critical to the business operations of the Company.
7. Consider knowledge development plan of senior executives so as to have skills needed to drive the organization to achieve the goals.
8. The Nomination and Compensation Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company's resources.
9. Perform any other duties regarding the nomination and determination of Compensation as assigned by the Board of Directors.

◆ **Reporting**

After each meeting of the Nomination and Compensation Committee, the secretary of the meeting shall summarize the opinions and comments of the meeting and submit to the Company's Board of Directors for acknowledgment and / or for consideration. The report on operational results of the Nomination and Compensation Committee shall be prepared to be signed by the Chairman of the Nomination and Compensation Committee and disclosed in the annual report of the Company.

◆ **Disclosure of Information**

Disclose information in the Annual Report on the nomination and remuneration policy, responsibilities of the Board of Directors, the form of remuneration and the amount of remuneration for the Board of Directors and the Chief Executive Officer, the Managing Director and Senior Executives as well as the disclosure of independence and non - conflicts of interest of the advisors of the Nomination and Remuneration Committee (if any).

◆ Assessment of the Nomination and Compensation Committee

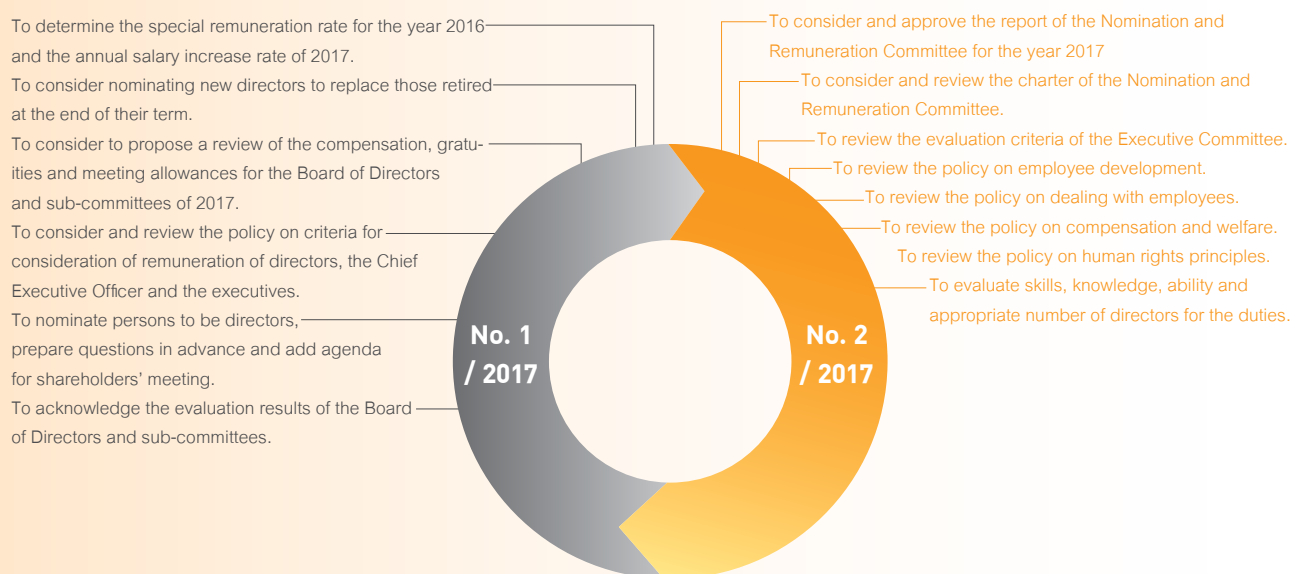
The Nomination and Compensation Committee shall arrange for evaluation of the performance of the Board of Directors and sub-committees in the form of the total committee and on a personal basis (self-evaluation) at least once a year and report to the Board of Directors in order to use the evaluation results to improve operational efficiency and achieve its objectives.

Interested parties could view full version of the aforementioned Charter on the Company's website www.supalai.com under Section: About the Company / Board of Director / Sub-Committee / the Nomination and Compensation Committee / the Nomination and Compensation Committee Charter.

◆ Performance of the Nomination and Compensation Committee

In 2017, the Nomination and Compensation Committee conducted 2 meetings. The performance of the Nomination and Compensation Committee is summarized as follows;

Performance of Duties of the Nomination and Compensation Committee in 2017



5.3.3 Corporate Governance Committee

The Board of Directors approved the establishment of the Corporate Governance Committee comprises the following 4 members as follows;

No.	Name	Position in Corporate Governance Committee	Position in Board of Directors	At Corporate Governance Committee's Meeting
1.	Assoc.Prof.Dr.Somjai Phagaphasvivat	Chairman of the Corporate Governance Committee	Independent Director	1/1
2.	Mr.Prasas Tangmatitam	Member of the Corporate Governance Committee	Director	1/1
3.	Mr.Tritecha Tangmatitham	Member of the Corporate Governance Committee	Director	1/1
4.	Mr.Atip Bijanonda	Member of the Corporate Governance Committee	Director	1/1

The Board of Directors has adopted the Charter of the Corporate Governance Committee as follows;

♦ Elements of the Corporate Governance Committee

1. The Corporate Governance Committee consists of at least 3 members, and the Chairman of the Corporate Governance Committee must be independent director.

♦ The Corporate Governance Committee Qualifications

1. The Nomination and Compensation Committee will annually consider and select appropriate persons from the members of the Board of directors and/or any qualified candidates propose for further consideration and appointed by the Board of Directors as a member of Corporate Governance Committee.
2. There is no any other aspect preventing such member from making comment freely on corporate governance.

♦ Scope of Duties and Responsibilities

1. Prescribe importance principles and procedures of the corporate governance process that is effective and suitable for the Company.
2. Oversee the works performed by the directors and the management to ensure compliance with the good corporate governance of the regulatory agencies, i.e. the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, Thailand.
3. Provide to the Good Corporate Governance Task Force the Company's policy on good corporate governance.
4. Develop and announce excellent corporate governance principles.

5. Lay down policy and support the annual self assessment of internal corporate governance standards.
6. Develop and prepare supervision plan to ensure the implementation of the announced corporate governance principles.
7. Review on consistency basis the good corporate governance principle of the Company, compared with international practice and recommendations of regulatory agencies or relevant agencies given to the Board.
8. Review the Board's Manual to ensure its continuing suitability for the Company's business while submitting the Board Charter as well as the charters for all committees appointed by the Company.
9. Provide recommendations relating to business ethics and code of conduct for directors, executives and employees.
10. Review the Corporate Governance Policy Manual to ensure its continuing suitability for the Company's business.
11. Review the Company's values as well as public announcements in regard to Good Corporate Governance.
12. Encourage the dissemination of good corporate governance culture for understanding by the executives and employees of every level and with real practice.
13. Review and report to the Board of Directors regarding good corporate governance of the Company and provide opinions on practical guidelines and recommendations for improvement as deemed appropriate.
14. Supervise and ensure that good corporate governance principles are implemented.
15. Provide advice to the task force for preparation in receiving rating for good corporate governance by external central unit not less than 1 time in every 3 year period.
16. Arrange in place a system to receive complaints from interest persons in the case concerning corporate governance and business ethics and code of conduct for directors, executives and employees.
17. The Corporate Governance Committee has the power to invite concerned parties or persons deemed appropriate to attend the meeting or to give explanation on related matters.
18. The Corporate Governance Committee has the duties and responsibilities to report its duties or any other assigned duties to the Board of Directors at least once a year.
19. The Corporate Governance Committee may request for advice from specialists in order to be able to efficiently perform its duties according to the Charter with the expenses paid by the Company.
20. The Corporate Governance Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company's resources.

21. To review and amend the Corporate Governance Committee Charter and propose to the Board of Director for approval.

22. To oversight and recommend corporate social responsibility (CSR) activities.

◆ **Reporting**

After each meeting of the Corporate Governance Committee, the secretary of the meeting shall summarize the opinions and comments of the meeting and submit to the Company's Board of Directors for acknowledgement and / or consideration within the date of the next Board meeting.

◆ **Assessment of Corporate Governance Committee**

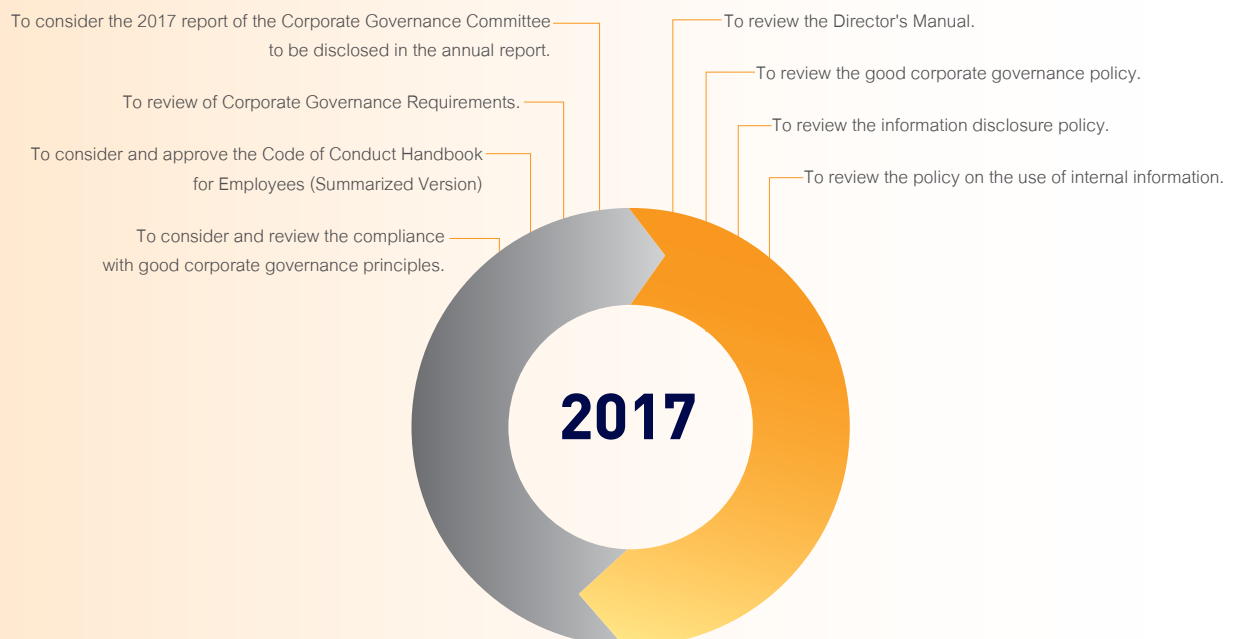
The performance of the Corporate Governance Committee must be evaluated at least once a year and reported to the Board of Directors in order to apply the assessment results to improve operational efficiency and achieve its objectives.

Interested parties could view full version of the aforementioned Charter on the Company's website www.supalai.com under Section: About the Company / Board of Director / Sub-Committee / the Corporate Governance Committee / the Corporate Governance Committee Charter.

◆ **Performance of the Corporate Governance Committee**

In 2017, the Corporate Governance Committee organized 1 meeting. The performance of the Corporate Governance Committee is summarized as follows.

Performance of Duties of the Corporate Governance Committee in 2017



5.3.4 Risk Management Committee

The Board of Directors approved the establishment of the Risk Management Committee comprises the following 12 members as follows;

No.	Name	Position in Risk Management Committee	Position	Attendance at Risk Management Committee's Meeting
1.	Mr.Anant Gatepithaya	Chairman of the Risk Management Committee	Independent Director	1/1
2.	Mr.Atip Bijanonda	Member of the Risk Management Committee	Director	0/1
3.	Mr.Tritecha Tangmatitham	Member of the Risk Management Committee	Director	1/1
4.	Mrs.Varunee Lapitananuvat	Member of the Risk Management Committee	Management Director	1/1
5.	Mr.Punnapan Nengpetch	Member of the Risk Management Committee	Management Director	1/1
6.	Mr.Kittipong Sirilugtrakun	Member of the Risk Management Committee	Management Director	1/1
7.	Mr.Boonchai Chaiananbovor	Member of the Risk Management Committee	Management Director	1/1
8.	Mr.Adisak Warinsirikul	Member of the Risk Management Committee	Management Director	1/1
9.	Mr.Worasit Trirapatanapong	Member of the Risk Management Committee	Management Director	1/1
10.	Ms.Tanwarat Punyaratana	Member of the Risk Management Committee	Management Director	1/1
11.	Mrs.Suchawadee Suppha-asa	Member of the Risk Management Committee	Management Director	1/1
12.	Mr.Krid Chancharoensuk	Member of the Risk Management Committee	Management Director	1/1

The Board of Directors has adopted the Charter of the Risk Management Committee as follows;

♦ Elements of the Risk Management Committee

1. The Risk Management Committee shall be appointed by the Board of Directors and composes of the Management Committee and at least 1 independent director.
2. The independent director shall be the Chairman of the Risk Management Committee.

♦ Qualifications of Risk Management Committee Members

1. Appointed by the Board of Directors to be the Risk Management Committee members.
2. There is no any other aspect preventing members from making comment freely on consideration of risk.

3. The Risk Management Committee who are qualified according to 1 - 2 may be assigned by the Board of Directors to make decision on the operations of the Company's subsidiaries, associated companies or juristic persons which may have a conflict. The decision could be made in the form of tribunal.

♦ **Scope of Duties and Responsibilities**

1. To specify the policy and guidelines for risk management relating to the business operations of the Company appropriately and effectively.
2. To specify, review and approve the risk management plan which covers the major risk categories such as Strategy Risk, Operation Risk, Financial Risks, Liquidity Risk, Compliance Risk, Anti-Corruption Risk, Market Risk, Information Technology Risk, Social Network Risk, Customer Protection Risk, Social and Environmental Risk and Emerging Risk.
3. To set up Risk appetite and Risk Tolerance.
4. To degree of Risk by Likelihood and Impact of major Risk.
5. To follow up and assess the degree of risk to be continuous.
6. Establish the internal control system that covers all aspects.
7. To consider and review the risk management guidelines and tools for efficiency and proper to the nature and size of risk each of transactions conducted by the Company while also providing comments and suggestions on key issues regarding the risk management of the Company.
8. To consider and review the risk limits and corrective measures in the event where it is not within the risk limits.
9. The Risk Management Committee is empowered to invite executives or those concerned to attend meeting for further clarification.
10. The Risk Management Committee may, at the Company's expense, ask for advice from specialists to enable efficient performing of duty under the charter.
11. Provide communication activity or process to operate to create awareness about risk management. By providing training approach to risk management to executives and employees.
12. To consider and approve produce a risk management manual to be distributed to employees.
13. To approve risk mapping by taking into account the relationship between risks and the impact toward each unit of the Company.
14. Arrange for people in the Company to take a knowledge test regarding the risk management policy and structure as well as their responsibilities toward such matters.

15. Members of the Risk Management Committee are entitled to attend trainings and activities to increase their knowledge in related fields using resources of the Company.
16. Perform any other duties as assigned by the Board of Directors.

♦ **Reporting**

After each meeting of the Risk Management Committee, the secretary of the meeting shall summarize the opinions and comments of the meeting and submit to the Company's Board of Directors for acknowledgement and / or consideration.

Interested parties could view full version of the aforementioned Charter on the Company's website www.supalai.com under Section: About the Company / Board of Director / Sub-Committee / the Risk Management Committee / the risk Management Committee Charter.

♦ **Performance of the Risk Management Committee**

In 2017, the Risk Management Committee organized 1 meeting. The performance of the Risk Management Committee is summarized as follows;

Performance of Duties of the Risk Management Committee in 2017



5.4 Executive Committee

The duties and responsibilities of the Executive Committee

- 1) Establish guidelines, goals, strategies, operation plan, annual budget and the various kinds of management powers of the Company to be further submitted for approval by the Board of Directors.
- 2) Oversee the Company's management and operations to be efficient with maximum efficacy, and be ready to examine, monitor and evaluate the performance of the Company in accordance with the approved business plan.

- 3) Review the operational results from time to time in order to find quick solutions to achieve business targets.
- 4) Evaluate and screen large scale investment project and annual budget before submitting for consideration by the Board of Directors.
- 5) Set up the organizational structure and carry out efficient management covering the recruitment, trainings, employment and termination of employment of employees, executives and Executive Management.
- 6) Provide advice to the Board of Directors for making decisions on important matters, and perform any other duties as assigned by the Board of Directors of the Company.
- 7) Act as a representative and operate on behalf of the Company with the third parties.
- 8) Has the power to consider and approve the payment for investment and purchase of land in the amount not more than Baht 200 million per transaction.
- 9) The Executive and Management Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company's resources.
- 10) Prepare succession plan and development plan for top management include report in order to present to the Nomination and Compensation Committee and the Board of Directors respectively.
- 11) Provide risk management and oversight to ensure compliance with internal control principles.
- 12) Provide the Authorization Handbook suitable for the responsibilities of the Management Committee.
- 13) Allocate development resources and the budget such as policies and personnel management plans and policies on information technology.
- 14) Oversee and ensure that there be a disclosure of financial and non-financial information in a complete, accurate and reliable manner.

Furthermore, 2 members of the Executive Committee have the power to consider and approve the purchase of land not more than Baht 100 million per transaction. The exceeding amount of Baht 100 million but not more than Baht 200 million can be approved by the Executive Committee, and each member of this Committee has the power to approve the purchase of construction materials within the authorized amount.

The above-mentioned authorization of power to members of the Executive Committee must not be in such a manner as to be able to approve the transaction of interest of oneself or other persons who may have conflict or conflict of interest with the Company or its subsidiaries unless it is a normal business operation of the Company, and has been approved by the meeting of the Board of Directors, in which attended by independent Directors and the scope of consideration has already been clearly outlined. Also,

such authorization must be in compliance with the criteria of the Office of the Securities and Exchange Commission, Thailand and the Regulations of the Stock Exchange of Thailand or as prescribed by other government agencies.

5.5 Management Committee

The Management Committee comprises the Chief Executive Officer, Executive Vice President, Managing Director, Deputy Managing Director, Executive Director, Senior Assistant Managing Director, Assistant Managing Director and Director of Department Administration.

The duties and responsibilities of the Management Committee

- Implement the policies, directions, strategies goals and management structures of the Company to be efficient and effective.
- Operate according to the business plan and budget approved by the Executive Committee with integrity, honesty and care in order to best maintain the benefits of the Company and the shareholders.
- Operate according to the risk management system and ensure that there be compliance with internal control principles.
- Review the Authorization Handbook to be suitable for the Management Committee's responsibilities.
- Implement the framework for resource allocation. development and budgeting, such as policies and personnel management plans, and policies on information technology.
- Supervise general management as specified in the regulations of the Company.
- Follow up and ensure that the operations of the Company are in accordance with the policies, the business plan and the allocated budget.
- Exercise other powers necessary for the operations of the Company as assigned by the meeting of the Board of Directors and/or the Executive Committee.
- Communicate with the outside stakeholders of the organization as needed and according to the authorized powers.

The above-mentioned authorization of power to members of the Management Committee must not be in such a manner as to be able to approve the transaction of interest of oneself or other persons who may have conflict or conflict of interest with the Company or its subsidiaries unless it is a normal business operation of the Company, and has been approved by the meeting of the Board of Directors, in which attended by independent Directors and the scope of consideration has already been clearly outlined. Also, such authorization must be in compliance with the criteria of the Office of the Securities and Exchange Commission, Thailand and the Regulations of the Stock Exchange of Thailand or as prescribed by other government agencies.

5.6 Efficiency Evaluation of the Board Meetings

The Company has organized efficiency evaluation of every Board meeting on a yearly basis. In 2017, there were 12 Board meetings. The criteria used for efficiency evaluation of the Board meetings consists of the following 10 items;

1. Notifying the meeting at least 7 days before the date of the meeting.
2. Receiving documents in full along with letter of invitation.
3. Beginning on time with time control.
4. Appropriateness and clear details of each agenda.
5. Participation of Directors.
6. The management provides sufficient information to the Board of Directors to make decisions.
7. Taking into consideration the benefits of stakeholders.
8. Summary of clear resolutions of the meeting.
9. Control and management of conflicts by the Chairman in the meeting.
10. Attendees rate.

Efficiency Evaluation Criteria of the Board Meetings

Received Score (%)	Rate
90 – 100	Excellent
80 - 89	Very good
70 - 79	Quite good
60 - 69	Moderate
Less than 60	To be improved

From the full score of 100%, the average efficiency evaluation of the Board meeting in 2017 was 97.29%, an excellent outcome.

5.7 History of Illegal Acts, or Dishonesty, or Corporate Governance, or Ethical Offences or Labor

The Company has assigned Internal Audit unit to be its Compliance Unit to perform the duties in supervising the operations, whereby during 2017,

- The Company and the Board of Directors including the management did not commit serious offenses. There was no record of violating the rules and regulations of the Office of the Securities Exchange Commission, Thailand and the Stock Exchange of Thailand.

- None of them had been convicted of a criminal offense or being subject to criminal prosecution or being adjudged to be bankrupt or placed under receivership.
- There was no record of the transactions that may cause the conflict of interest with the Company during the past year.
- There was no record of criminal offenses against properties in bad faith or against ethical conduct.
- There was no resignation of the executives due to the issue of corporate governance.
- There was no dispute concerning the reputation of the Company in a negative manner caused by the supervision failure of the Board of Directors. In addition, there was no significant labor dispute during the past 5 years.

5.8 Leadership and Visions

The Board of Directors has set a vision of being “Leader in innovation and value-added creation”, with a mission to “create and develop innovation for good operating results and sustainable growth”. Therefore, every kind of housing (single house, twin house, townhouse, and condominium) had been developed for the purpose of risk diversification and creating of growth potential. The Company had also developed energy-saving homes, paying attention to details in range of utilization, activity area placement, as well as materials and home-style designs. Furthermore, it was well aware that the energy and natural resources have been under depletion. It had, therefore, applied both science and art for home design and construction with energy efficiency and maximum benefits to the residents for customer satisfaction, whereby the Board of Directors has reviewed and granted approval to the visions and mission every year in order for the executives and the employees to set the goals in the same direction.

5.9 Conflict of Interest

The Company abides by the policy on conflict of interest, and requires that all of directors, executives and employees are not allowed to utilize information available from their positions for personal gains. To make business decision, the maximum benefit of customers and shareholders must be taken into account, and not to let personal reason or family members to influence the decision that will be a deviation from the above principles. The directors, executives or employees with interests in such transactions must not take any part in the approval. The Company had completely disclosed related party transaction in its Annual Report (Form 56-2) and Annual Registration Statement (Form 56-1). Furthermore, the Company forbids its executives and employees from undertaking or participating in any business that is in competition with the Company’s business, regardless of whether such directors, executives and employees will receive either direct or indirect interests. It is clearly indicated in the Company’s Code of Conduct and Corporate Governance Policy. However, to conduct related party transaction or transactions with conflict of interest, the Board of Directors has laid as a policy that they must be considered and approved by the Board before proceeding. In addition, the information on details of transactions, transaction value, reasons and the need must be

disclosed in the annual registration statement and annual report as per the rules of the Stock Exchange of Thailand and the office of the Securities and Exchange Commission. The meeting must also be attended by the Audit Committee to ensure that the related party transaction are conducted fairly, reasonably, and with proper pricing policy, taking into consideration the maximum benefit of the Company. All of this the Company's policy is on the website of The Company (www.supalai.com) both Thai and English.

- **Auditing of Conflict of Interest**

The Board of Directors requires that the directors, executives and all employees write report on conflict of interest with the Company, which is deemed the Company's internal control process. The Audit Committee and the Internal Audit unit shall supervise and manage the conflict of interest, and the results of conflict of interest audit are as follows:

Section 89/12 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008) stipulates that the directors, executives or related persons can carry out the transaction with the company or its subsidiaries only after such transaction has been approved by the meeting of shareholders of the company except when such transaction is qualified according to the following characteristics:

"The transaction is a trading agreement with the characteristics that reasonable person would do with party to the agreement in general in the same circumstances with trading leverage without the influence of the person in the position of director, executive or related person, as the case may be. Also, it must be the trading agreement approved by the board of directors or according to the basis which has already been approved by the board of directors."

In 2017, there have been related party transaction worth Baht 87.91 million, which is more than the requirement according to the Notification of the Capital Market Supervisory Board No. TorJor. 4/2552(2009), which has set out the definition of business relationship as the trading transaction of 3% or more of the net tangible assets of the applicant for permission or from Baht 20 million or more, depending on whichever amount is lower. During the previous years, the trading transactions between the 2 companies were reported to the Board of Directors' meeting on a quarterly basis every year.

As a matter of fact, the Board of Directors is of the opinion that the business relationship between Supalai PCL (Purchaser of Construction Materials) and Diamond Building Products PCL (Supplier of Construction Materials), of which Mr. Prakit Pradipasen is the Chairman of the Board of Directors, consists of normal trading transactions of Diamond Building Products PCL in its business operations of more than 3% of the net tangible assets, or more than Baht 20 million or more, depending on whichever amount is lower, with Supalai PCL.

Such relationship has not impacted the performance of duty and provision of independent opinion by Mr. Prakit Pradipasen who is also an independent director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation Committee of Supalai PCL according to Section 89/7 and Section 281/2 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008) due to the following reasons:

- 1) Trading items which are the purchases made by Supalai PCL from Diamond Building Products PCL have no material impact on the income amount of Diamond Building Products PCL.
- 2) The price of goods, payment conditions and other trading conditions of transactions made with Supalai PCL by Diamond Building Products PCL have been the same as those made with other customers of Diamond Building Products PCL.
- 3) The procurement of construction materials of Supalai PCL has been made through transparent process, and comparison of prices and quality has been made without being subject to Mr.Prakit Pradiasen's influence, whatsoever.

The Board of Directors of the Company, therefore, resolved that Mr.Prakit Pradiasen continue to be an independent director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation Committee of the Company.

Furthermore, in 2017, the Company required all directors, executives and employees to prepare report on conflicts of interest, whereby no significant conflict has been found.

5.10 Management Philosophy

For a quality society of "Supalai People", the Company stands firm in creating quality residence, incessant product development, society development for safety, development of professional good service, for Customers' maximum satisfaction, by adhering to the management philosophy;

- | | |
|--|---|
| S (SUPERIORITY) | : Excellence in terms of products, service and good management |
| P (PROFITABILITY) | : Emphasis on profits/benefits for all concerned parties, there are |
| <ul style="list-style-type: none"> • Customers : Profit in the form of money or gains from life • Shareholders : Receive dividends and value added shareholding • Employees : Good income and welfare, happy with work • Contractors for : Participate in business with satisfaction and fairness / Trading Trading partners | Partners |
| <ul style="list-style-type: none"> • Society : Gain benefits from the Company's Project Development | |
| L (LONGEVITY) | : Operation of business continually based on secure foundation |

5.11 Check and Balance by Non-Executive Directors

The Company has a proper number of Directors, that is, 11 Directors. The Company's Board of Directors comprises;

- | | |
|----------------------------|-------|
| • 5 Independent Directors | = 46% |
| • 2 Non-executive Director | = 18% |
| • 4 Executive Directors | = 36% |

The Independent Directors comprises a half of all Directors. Among these, there are 6 Directors with finance and accounting knowledge. During the Board of Directors' meetings, every Director performs the supervisory duty by taking into consideration maximum benefits of the shareholders.

5.12 Meeting of the Non-Executive Directors and Independent Directors

The Company promotes and supports the development of its management and operating systems by allowing its non-executive Directors to conduct meeting among themselves as deemed appropriate, without any executive Directors or the management in the meeting, in order to discuss various problems relating to business management of the Company or other interesting matters of benefits to the Company and all parties of stakeholders because they can express opinions freely and creatively in various points of views. In 2017, there was 1 meeting of non-executive Directors held on 13 March 2017.

5.13 Integration or Segregation of Positions

The Company has combined the positions of Chairman of the Board and Chief Executive Officer for the purposes of management efficiency and cost-saving. However, all resolutions passed in every meeting must be by a majority of votes. The Chairman shall vote only in case of a tie of votes. For an important issue, a resolution must be passed by a unanimous vote from every Director attending the meeting. In case of dissent by any Director, such agenda shall not be deemed approved by the Board of Directors. In the event where the Chairman has interest in a certain issue, he/she shall abstain from voting.

5.14 Holding Position of Director in Other Companies by Chief Executive Office of the Executive Committee and the Managing Director

The Company complies with a policy on restriction of number of director positions in other companies that the CEO and the Managing Director can take. Such policy has been publicized on the Company's Website, www.supalai.com. If the CEO and the Managing Director take too many director positions in other companies may affect the performance of duties for the Company. The Company's Board of Directors has, therefore, established the policy on holding of position of director in other companies by the Chief Executive Office of the Executive Committee and the Managing Director for maximum benefit of the Company in order for them to devote more time to perform their duties effectively follows;

1. The Chief Executive Office of the Executive Committee and the Managing Director can hold positions in Supalai Public Company Limited and its subsidiaries and associated companies.
2. To be a director in other companies, of which the business is similar to or competitive with the business of the Company, a request must be submitted for opinion of the Audit Committee prior to submission for approval by the Board of Directors and the shareholders respectively before being appointed to such position.

3. The holding of position of director in any organization other than specified in Clauses 1 and 2, which when combined is more than 5 places, must be approved by the Board of Directors' meeting before being appointed to such position.

In 2017, the President and the Managing Director of the Company strictly complied with the policy on the limitation of directorship in other companies (for details, please see Section: Board of Directors).

5.15 Remuneration for Directors and Executives

Remuneration of Directors

1. The Company specified the policy on rules of presentation and consideration for remuneration of directors to create the incentives of assigned performance to achieve goals effectively. The Nomination and Remuneration Committee are assigned to consider the remuneration rates of committee carefully, scrutinize the suitability of various reasons thoroughly, compare and refer by the same business including consideration from the expanding business, where shall be presented to the Board of Directors and the meeting of shareholder.
2. The Company shall not pay any money or other property to directors unless the remuneration is paid as the rights and benefits habitually as being the Company's director.
3. The remuneration of directors shall be paid accordance with the resolutions of the shareholders' meeting which comprise a vote not less than two in third of the total votes of shareholders who join the meeting.

Remuneration Policy for Directors

The Company has the criteria for providing remuneration to the Board of Directors and Sub Committees clearly and transparent, which shall be considered the same industrial sector and business expansion. It's believed that such remuneration could attract, retain and motivate the directors to perform their roles and carry out their responsibilities to accomplish the Company's goals efficiently.

Remuneration of Chief Executive Officer

The company specified a remuneration policy of the Chief Executive Officer, which the Board of Directors are assigned to consider the results of the Company's operation based on indicator (KPI: Key performance Indicator) approved by the meeting of Board of Directors, thereafter the Nomination and Remuneration Committee will consider the results of performance and remuneration of the Chief Executive Officer to comply with the result of performance based on indicators.

There are the criteria for evaluating performance of the Chief Executive Officer which administrate under the mission, vision, strategy of the company, business goals and annual business plans. It is comprised of 2 measurements following;

1. Business portfolio
2. Internal management

Remuneration for Executive Management

The Company has adopted the policy and criteria in providing remuneration to the executives by assigning the Nomination and Compensation committee to assess the performance of the executive management by considering and screening the remuneration executive committee by determining the remuneration to be consistent with the operational results of the Company and the performance of each executive to be further proposes to the Board of Directors for approval.

5.16 Orientation for New Directors

The Company is well aware of the importance of duty performing of new directors, it has, therefore, defined guideline regarding preparation for duty performing of directors to enable new directors to know the Company's expectations of their roles, duties, responsibilities, policies, businesses and corporate governance practice. These include to enable them understand about the Company's business and operation, as well as to visit its business units for being prepared to perform the duty of director promptly follows;

- 1) Coordinate in providing of the Company's data in legal area and others to the Board of Directors.
- 2) Submit "Directors Guidebook" to new directors, the guidebook contains the Company's information and relevant crucial laws which will be useful for members of the Board of Directors. The Company Secretary is responsible for coordinating to deliver this guidebook to the Board of Directors. Contents of the guidebook are as follows.
 1. Articles of Association of the Company.
 2. Objectives of the Company.
 3. Certificate of the Company.
 4. Public Limited Companies Act.
 5. Securities and Exchange Act.
 6. Guidebook for Directors of Listed Companies.
 7. Charter of the Board of Directors and Charter for Sub-Committees.
 8. Business Ethics of the Board of Directors.
 9. Guidebook for good corporate governance, and other polices of the Company.
- 3) Arrange meetings with the Chairman, Board of Directors, committees and executives to make them informed of the Company's business operation for using as their principles in performing duty. The presentation is made as a whole picture and in details under the following topics:

- The Company's vision mission and goals
- Strategy and Management structure
- Management structure
- Operating data and Company's activities
- Roles, duties and responsibilities of directors
- Good corporate governance policy
- Summary profiles of other directors and executives
- Qualifications and remuneration of directors

The Board of Directors assigned the Company Secretary to hand over "Director's Handbook" to newly appointed directors and Advisory of the board. The Company also organized an orientation course for the new directors on topics relevant to the Company such as the Company's business, operational plans, goals, visions and mission, structure of the Company and shareholding, managing operation, roles and duties as well as responsibilities of the Board of Directors, philosophy and ethics as well as business code of conduct of directors, executives and the employees, good corporate governance, corporate social responsibility, the corporate governance policy. The Company also arranged various project site visits for the directors. In 2017, the Company have no newly appointed director.

5.17 Succession Plan

The Company complies with a policy on succession plan, deeming as a part of the manpower placement strategy and a subtask of human resource planning strategy which determines appropriate and fair remuneration and fringe benefits for its personnel to retain them to grow in a long-term basis together with the Company. The Company has a proper and transparent plan to recruit personnel into important positions at all managerial levels to ensure that the Company has a professional management team. The Company also prepares personnel who possesses suitable qualifications, knowledge and adequate abilities to be eligible to replace the executives and high level executives in case of their resignation, retirement, completion of the term of office or inability to perform duties for whatever reason. This is to ensure smooth and effective transitional operations under those positions and to reduce the risk of lacking the successors. Accordingly, the Company has assigned the Nomination and compensation committee to prepare position succession plan of the President, Managing Director and executives of the Company in order to propose to the Board of Directors for consideration. For the recruitment and selection of persons to serve management positions of the Company, the Nomination and compensation committee has monitored the succession plan covering the following positions.

1. Chief Executive Officer / Managing Director Level

In the event that the positions of the Chief Executive Officer of the Executive Committee and the Managing Director are vacant or the individual in such positions cannot perform their duties, the Company has an arrangement whereby executives in a closely comparable level or their deputy shall act on their behalf until the selection process for the qualified replacements is completed. The criteria for such selection shall be based upon suitable qualifications as prescribed by the Company, as well as other qualities such as business vision, knowledge, proficiency, and experience, that well suit the Company's corporate culture. The Company's Nomination and Compensation Committee shall be responsible for the selection process and submit their final choice to the Company's Board of Directors for approval and further appointment.

2. Executive Level

In the event that the management positions at the level of department manager and above are vacant or the individual in such positions cannot perform their duties, the Company shall have the selected successor of the position proposed to the Board of Directors of the Company. The succession planning of the executive position level is as follows.

1. Analyse business condition of the Company in term of its strateg, policy, investment and expansion plans.
2. Evaluate the readiness of manpower to be consistent with the Company's strategy in both short term and long term.
3. Create plan making the availability of manpower by developing or recruiting employees to replace those resigning from the Company.
4. Create Recruitment Plan and arrange for Employee Training and Development in advance by providing training courses for development to prepare the employees, junior and middle level executives to advance further to junior, middle and high executive positions respectively prior to retirement or early retirement of the employees.
5. Define competencies, which refers to the knowledge, skills, personality and desirable attitude of the employees in certain positions and establish the Individual Development Plan.
6. Select, evaluate and assess the performance to determine the potential of employees' suitability.
7. Use tool to test and evaluate the employees to analyze their potential.
8. Select successors based on the assessment and analysis of the employees' potential and performance. The employees shall be notified in advance in order to prepare for the handover and learning of the new responsibilities, while a successor shall also be determined.

9. Develop and evaluate employees who are expected to be successors whether they can be developed and have performance as expected. If it is contrary to the expectation, the change of successors can be done.

All of this the Company's policy is on the website of the company (www.supalai.com) both Thai and English.

5.18 Related party transaction

The Company complies with a policy on related party transaction, 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 Related party transaction B.E. 2546 (2003) All of this the Company's policy is on the website of the company (www.supalai.com) both Thai and English.

5.19 Risk Management

The Company follows the risk management policy by adopting the risk management process that covers strategic risks, risks regarding finance, credit, liquidity, legal matters and regulation, corruption, operations, information technology, social networking, consumer protection including social and environmental issues as well as external events that affect the Company in terms of policy, financial and external situation. This is to be able to manage the risk systematically in order to reduce the risk factors that will affect the success of the Company to be acceptable level and in line with the Company's strategic plan, which covers:

- Causes of risks affecting the Company in financial and non-financial aspects, and provide a review of the risks every time there is a change of various factors affecting the capital fund of the Company;
- Categories of risks and determine the risk appetite to be used as a basis for responding to the risks of the Company;
- Assessment of risks by adding measures for risk assessment to achieve greater accuracy in terms of both quantitative and / or qualitative aspects;
- The management of risk and monitoring each type of risk according to the priority, whereby, the risk is monitored to be up to date regularly after each quarter.

All of this the Company's policy is on the website of the company (www.supalai.com) both Thai and English.

5.20 Performance Assessment of the Committee

The Board of Directors has appraised annual performance of the Committees once a year, whereby the appraisal form is in accordance with the principles of good corporate governance of the Company and the scope of authorities and duties of the Committees. Accordingly, the emphasis is placed on the use of

results of the assessment to review the work product, problems or obstacles during the previous year as well as the improvement of performance of the Committees. The objective is to increase efficiency of the Committees' performance and to be used as reference in preparing CG Rating. In 2017, the appraisal was done in 2 characteristics, they are, 1) the assessment of the whole Committee; 2) the assessment made on an individual basis (self-assessment). The assessment forms were divided into 10 categories consisting of

- 1) Assessment form for performance of the whole Board of Directors;
- 2) Assessment form for performance of the whole Audit Committee;
- 3) Assessment form for performance of the whole Corporate Governance Committee;
- 4) Assessment form for performance of the whole Risk Management Committee;
- 5) Assessment form for performance of the whole Nomination and Compensation Committee;
- 6) Assessment form for the Board's individual member (self-assessment);
- 7) Assessment form for performance of individual member of the Audit Committee (self-assessment)
- 8) Assessment form for performance of individual member of the Corporate Governance Committee (self-assessment)
- 9) Assessment form for performance of individual member of the Risk Management Committee (self-assessment)
- 10) Assessment form for performance of individual member of the Nomination and Compensation Committee (self-assessment)

There is an assessment process and criteria for calculation of results in percentage as follows;

Assessment Process for the Whole Committee and Each Individual Member

Every year, the Company Secretary shall send such 10 assessment forms to all members of the Committees in order for them to assessment the annual performance on concerned matters. After having completed the assessment form, each Committee member shall submit such form to the Company Secretary in order to compile the score of each member and summarize the analysis results of the assessment l of the Committees' annual performance. The report shall then be made to the Board of Directors in the following meeting of the Board of Directors, and in 2017, the report was made to the Board of Directors' meeting on 20 February 2018. The assessment results in percentage are as follows:

Level of Score	Rate
More than 85%	Excellent
More than 75%	Very Good
More than 65%	Good
More than 50%	Fair
Less than 50%	To be improved

The assessment can be summarized as follows;

1. Assessment Form for Performance of the Whole Board of Directors consists of 6 items as follows : 1) Structure and Qualification of the Board of Directors; 2) Duties and responsibilities of the Board of Directors; 3) Performance of the Board of Directors; 4) Board of Directors' Meetings; 5) Relations with management department; 6) Self Development of the Board of Directors and Executive;

In summary, the average score of the assessment of the whole Board of Directors according to all 6 items resulted in a excellent score of 89%

2. Assessment Form for Individual Member of the Board of Directors (Self-Assessment) consists of 9 items as follows: 1) Responsibility for their own acts and decision-making with accountability; 2) Responsibility for performing duties with sufficient capability and effectiveness; 3) Treating stakeholders equally and fairly with accountability; 4) Having accountable operational transparency and disclosure of information; 5) Having ethics and business ethical conduct; 6) Ethics in Business Operation; 7) Performance on the principle carefulness and 8) Having vision in creating value added business in the long run; 9) Good Corporate Governance principles are complied with to create value to ensure sustainable business;

In summary, the assessment of members of the Board of Directors on an individual basis according to 9 items resulted in an excellent score of 96%.

3. Assessment Form for Performance of the Audit Committee (the Whole Committee) consists of 5 items as follows: 1) Structure and Qualification of the Audit Committee; 2) Duties and responsibilities of the Audit Committee; 3) Performance of the Audit Committee; 4) Audit Committee's Meetings; 5) Self Development of the Audit Committee;

In summary, the assessment of performance of the whole Audit Committee according to all 5 items resulted in an excellent score of 96%.

4. Assessment Form for Performance of the Audit Committee's Members on an Individual Basis (Self-Assessment) consists of 16 items as follows: 1) Knowledge, ability relating to the Company's business; 2) Powers and duties, independence and fairness; 3) Devotion of time in working and attending the meetings; 4) To attend trainings or to participate in activities in order to increase knowledge in duty and role of Audit committee; 5) Performance of other tasks assigned by the Board of Directors with the approval of the Audit Committee; 6) To review of financial and non-financial reports of the Company to ensure sufficient and correct disclosure; 7) To review effectiveness and suitability on Risk Management; 8) To review to ensure that the Company has suitable internal control and internal audit systems; 9) To review to ensure that the Company comply with the Securities and Exchange Act, requirements or laws relating to the business of the Company; 10) To considering related party transaction or transactions that may have conflict of interest to ensure compliance with the laws and regulations of the Stock Exchange of Thailand; 11) To review to ensure that anti-corruption measures are complied with; and carrying out risk assessment and reporting to

the Board of Directors for acknowledgement; 12) To review Audit Committee Charter and Internal Audit Charter; 13) To considering, selecting and nominating an independent person to be the auditor of the Company; 14) Numbers of meeting of the Audit Committee and attendance by each committee member; 15) Opinions or remarks in whole obtained by the Audit Committee from performing duties under the charter; 16) Disclosure of operational results and providing comments in the Audit Committee's report in a complete manner.

In summary, the assessment of members of the Audit Committee on an individual basis according to all 16 items resulted in an excellent score of 95%.

5. Assessment Form for Performance of the Corporate Governance (the Whole Committee) consists 5 items as follows: 1) Structure and Qualification of the Corporate Governance Committee; 2) Duties and responsibilities of the Corporate Governance Committee; 3) Performance of the Corporate Governance Committee; 4) Corporate Governance Committee's Meetings; 5) Self Development of the Corporate Governance Committee;

In summary, the assessment of performance of the whole Corporate Governance according to all 5 items resulted in a excellent score of 98%.

6. Assessment Form for Performance of the Corporate Governance Committee's Members on an Individual Basis (Self-Assessment) consists of 10 items as follows: 1) Knowledge, ability relating to the Company's business; 2) Specific expertise; 3) Showing the opinions in supporting or protesting the recommendation on matters that are important to the business; 4) Devotion of time in working and attending the meetings; 5) Performance of other tasks assigned by the Board of Directors with the approval of the Corporate Governance Committee; 6) There is the regulatory performance of the Directors and management department including review guidelines on the principles of good corporate governance of the Company according to the principles of good corporate governance of external regulatory agencies; 7) To verify the corporate governance policy and review practicality guidelines and the principles of corporate governance in practices to be continued and appropriate with the business of the Company; 8) To review the business ethics and morality of directors, board and staff including the announcement of statement on good corporate governance of the Company prior to the public; 9) To review, give opinions and recommendations to improve on the good corporate governance of the Company to be effective in practices; 10) To reports on the activities of corporate governance committee or other duties which the Board of Directors assigned to the committee.

In summary, the assessment of members of the Corporate Governance Committee on an individual basis according to all 10 items resulted in an excellent score of 96%.

7. Assessment Form for Performance of the Risk Management (the Whole Committee) consists 5 items as follows: 1) Structure and Qualification of the Risk Management Committee; 2) Duties and responsibilities of the Risk Management Committee; 3) Performance of the Risk Management Committee; 4) Risk Management Committee's Meetings; 5) Self Development of the Risk Management Committee;

In summary, the assessment of performance of the whole Risk Management according to all 5 items resulted in a very good score of 85%.

8. Assessment Form for Performance of the Risk Management Committee's Members on an Individual Basis (Self-Assessment) consists of 10 items as follows: 1) Having moral, neutrality, making decisions with information and logic, adhering to the operation by the principles and standards professionally; 2) Devotion of time in working and attending the meetings; 3) Performance of other tasks assigned by the Board of Directors with the approval of the Risk Management Committee; 4) To consider and give approval to provide the risk management manual which shall be published to employees to acknowledge, including consideration to approve the Risk Map providing by recognizing the relationship of risk and the impact on other departments within the Company. 5) Other operations as approved by the Risk Management Committee as assigned by the Board of Directors; 6) Showing the opinions in supporting or protesting the recommendation on matters that are important to the business; 7) Establish, review and approve the Risk Management Plan that covers various types of important risks, namely, strategic risk, operational risk, financial risk, compliance risk, anti-corruption risk, the risks that affect the reputation of the Company, information technology risk, market risk and social and environmental risk; and monitor and assess the level of risk to be at acceptable levels; 8) To specify the policies and recommend the guidelines on risk management relating to the business operations of the Company appropriately and effectively. 9) Provide follow – up and assess risk management continuously; 10) Consider and provide comment on the risks that have impact on the Company;

In summary, the assessment of members of the Risk Management Committee on an individual basis according to all 10 items resulted in an excellent score of 91%.

9. Assessment Form for Performance of the Nomination and Compensation (the Whole Committee) consists 5 items as follows: 1) Structure and Qualification of the Nomination and Compensation Committee; 2) Duties and responsibilities of the Nomination and Compensation Committee; 3) Performance of the Nomination and Compensation Committee; 4) Nomination and Compensation Committee's Meetings; 5) Self Development of the Nomination and Compensation Committee;

In summary, the assessment of performance of the whole Nomination and Compensation according to all 5 items resulted in an very good score of 74%.

10. Assessment Form for Performance of the Nomination and Compensation Committee's Members on an Individual Basis (Self- Assessment) consists of 10 items as follows: 1) Knowledge, ability, experience and Specific relating to the Company's business; 2) Having moral, neutrality, making decisions with information and logic, adhering to the operation by the principles and standards professionally; 3) Showing the opinions in supporting or protesting the recommendation on matters that are important to the business; 4) Devotion of time in working and attending the meetings; 5) Other activities as approved by the Nomination and Remuneration Committee as assigned by the Board of Directors; 6) Consider and scrutinize the Compensation rate for the Chief Executive Officer and executive management in order to propose for approval by the Board

of Directors and Independent Director; 7) Consider, select and screen the persons qualified to be Directors of the Company and propose to the Board of Directors in order to further propose to be elected by the meeting of shareholders; 8) Consider and give opinions on the proposals of the Chief Executive Officer to be further proposed to the Board of Directors regarding the policies on human resources to be in accordance with the business strategy of the Company; 9) To consider the rewards including a recommendation for any salary and benefits and presented the Board of Directors. 10) To review a portion, number and an experience of Board of Directors and ensure that the succession plan of important high level executive positions and list of qualified persons is reviewed from time to time;

In summary, the assessment of members of the Nomination and Compensation Committee on an individual basis according to all 10 items resulted in an excellent score of 92%.

5.21 Performance Assessment of the Chief Executive Officer

The company specified a remuneration policy of the Chief Executive Officer, which the Board of Directors are assigned to consider the results of the Company's operation based on indicator (KPI: Key performance Indicator) approved by the meeting of Board of Directors, thereafter the Nomination and Remuneration Committee will consider the results of performance and consider both the short and long-term remuneration of the Chief Executive Officer to comply with the result of performance based on indicators.

There are the criteria for evaluating performance of the Chief Executive Officer which administrate under the mission, vision, strategy of the company, business goals and annual business plans. It is comprised of 2 measurements following;

1. Business portfolio
2. Internal management

5.22 Development and Knowledge Accumulation for Directors and Executives

The Board of Directors seriously supports and promotes the knowledge development for every director for their efficiency in duty performing. It's the Company's policy to encourage its directors, executives and those supporting the secretarial works to attend seminars and training courses of Thai Institute of Directors (IOD), The Stock Exchange of Thailand, or other independent institutions, ranging from the development in part of the duties and responsibilities of directors, or new management concept, so that every director will continue to develop and improve their works, as well as to apply the knowledge properly for further benefit to the Company. (See to Board of Director)

In 2017, there were 3 directors attending the training course relating to performing of duties of the directors to all 3 persons such as 1) Mr.Anant Gatepithaya 2) Assist.Prof.Aswin Bijayayohin 3) Mr.Atip Bijanonda please see details in Section on: Attendance of Training Courses or Seminars of the Directors.

5.23 Monitoring of Insider Trading

The Company complies with a policy on inside information in order to prevent inside information abuse by the directors, executives or employees for personal gains or for the gains of their associates as prescribed in the Ethics and Code of Conduct, the Director's Handbook and the Handbook on Corporate Governance Policy. The policy on the use of inside information has been publicized on the Company's website (www.supalai.com) to ensure that the policy has been acknowledged and complied with. The details are as follows:

1. The directors, executives and employees shall not use inside information of the Company or business trading partners of the Company, that they know from performing duties, to purchase or sell or offer to purchase or sell, or persuade others to purchase or sell or offer to purchase or sell securities of the Company or those of the Company's trading partners for personal gains or for the gains of others or to operate business in competition with the Company or to do related businesses although the Company may not lose any benefits. They shall also strictly comply with related laws.
2. Directors, executives and employees of the Company shall keep confidentiality of inside information under one's responsibility and shall not disclose such information to the public or other personnel of the Company who has no involvement.
3. The Company protects inside information that is not yet disclosed to the public by giving limited access to related and necessary parties only. Security system is also provided to protect computerized systems and information. Personnel in charge shall insist that all parties involved must strictly comply with the rules.
4. A disclosure of information shall be made by authorized persons only. General personnel are not obliged to disclose the information. When asked to reveal information that they do not have authority to disclose, refer a question to the person in charge in order to provide accurate information and in the same direction.
5. The employees should control outsiders involved with internal information such as financial advisors legal consultants and auditors as well as colleagues involved with the information that has not yet been disclosed publicly and in the process of negotiation. This is regarded as maintaining internal information, which may have impact on the change of price or value of the securities, or the Company may lose business benefits. Accordingly, such people shall have to enter into a confidentiality agreement until the information is disclosed to the SET and the Securities and Exchange Commission, Thailand.
6. Other than publicly available information, the Company considers all other information as inside information for directors, executives and employees to use under the duties and responsibilities as assigned.

7. Directors, executives and employees are due to take responsibility on data protection and shall not exploit the inside information for personal gains even after resigning from the Company.
8. The Company's directors and executives including their spouses and children who are minors as well as related persons are required to submit the list of their securities holding and report on changes of the list to the Office of the Securities and Exchange Commission within 3 days from the date of purchase, selling, transferring or receiving the transfer of the securities. This is to comply with Section 59 of the Securities and Exchange Act. The directors and executives are also prohibited from buying and selling of the Company's securities during the period of one month prior to disclosure of financial statements to the public.
9. The Company requires that the directors and executives report on the change of securities holding to the Office of the Securities and Exchange Commission and submit the copy of the report to the Company Secretary on the same day they submit the report to the Office of the Securities and Exchange Commission, Thailand.
10. The Company requires that directors and executives who know significant internal information that affect the price or value of securities suspend the trading of the Company's securities during the period of 1 month before the financial statements or internal information is disclosed to the public. They are also prohibited from disclosing material information to other persons, whereby, during the period of 30 days prior to the announcement of operating results, the Company's Secretary shall send notifying letter to inform the directors, executives, and the units acknowledging internal information not to disclose inside information to outsiders or non-related persons.
11. The Company supports a campaign to use inside information via the Company's communication channel, especially during major events such as an issuance of shares or debentures for capital increase.
12. The Company treats the acts in violation of the policy on the use of internal information, the unauthorized disclosure of the information to the extent that cause damage to the Company and related parties as a crime that must be subject to disciplinary action and/or be liable according to the law.

In 2017, the Board of Directors and the executives strictly complied with the rules. Thus, there was no case of violation or failure to comply with the rules regarding securities trading by using the inside information.

5.24 The Internal Audit

The Board of Directors has established the Internal Audit Unit within the Company. Also, to facilitate the Internal Audit Unit to be independent from the management, the Board of Directors has ordered that the

Internal Audit Unit report to the Audit Committee in order for the Board of Directors to be able to follow up the Company's operations efficiently. The Internal Audit Unit has set objectives, main engagement, scope of operations, powers and duties, and responsibilities in writing in the Internal Audit Charter approved by the Chairman of the Internal Audit Committee.

In 2017, the Internal Audit Unit Department was able to carry out the duties and responsibilities in accordance with the Internal Audit Charter completely, independently and in compliance with the Code of Conduct and commitment of the Internal Audit Unit as summarized as follows:

1. Development to Add Value to Audit Work

- Focus has been placed on assurance and consulting services with independence and equity to add value and improve the operations of the Company, ensure the governing of the operations. Arrangements have also been provided for risk management and good internal control so as to achieve the operational objectives of the Company.
- Prepare an annual risk-based audit plan according to the strategic direction of the Company and important risks that impact the operation of the Company; carry out the operations in accordance with the Standard for the Professional Practice of Internal Auditing which includes the laws, regulations and regulations relating to the Company (Compliance Audit).
- Focus on the Proactive and Preventive Audit.
- Arrange for monitoring of implementation of the recommendations generated from the auditing.

2. Development of Internal Auditors

Arrange a test according to Standard for the Professional Practice of Internal Auditing and encourage internal auditors to develop themselves by pursuing a certificate for professional auditors or other professions relevant to internal auditing; also promote further education in other professions related to the business of the Company.

3. Internal Audit Charter

The Internal Audit Charter has been established as guidelines for operating personnel of the Company at all levels to understand lines of command, objectives, scope of work and responsibilities of the Internal Audit Unit, and liabilities of audited units by taking into consideration the importance of the good corporate governance as an important tool in supervising and managing the operations, and to ensure that there be correct standards and trustworthiness by maintaining pure and fair standards according to prescribed practical professional dignity of internal auditing.

3.1 Objectives

The Internal Audit Unit has been established with the aim to build confidence to the executives in controlling, supervising and giving advice and to provide useful information for their decision making regarding the improvement of the Company's operations.

3.2 Line of command

1. The Internal Audit Unit is an independent unit reporting directly to the Audit Committee.
2. The head of Internal Audit Unit is the top senior personnel of the Department and report directly to the Audit Committee.
3. The head of Internal Audit Unit shall propose the Risk – Based Audit Plan to the Audit Committee.
4. The head of Internal Audit Unit directly reports the result of the audit to the Audit Committee, and the Audit Committee must report every audit result to the Board of Directors accordingly.

3.3 Main Engagement

1. Provide advice and information relating to the audit, assess risk management and internal control including standards of operations, generally accepted accounting principles, policies, laws, rules, regulations for enhancing efficiency and effectiveness in governing process to add value and ensure the creditability of the financial information system and the operations of internal departments.
2. Be committed to practice to enhance their own knowledge and also the organization's on the internal audit and various technical matters relating to the provision of advice and suggestions to build confidence in operating work.

3.4 Scope of Operations

1. The Scope of Operations of the Internal Audit Unit includes providing advice and information regarding the audit, operations, assessment and improvement of risk management, internal control, generally accepted accounting principles, policies, rules, regulations and laws as well as supervising process and all relating procedures to the departments in the organization to add value and improve the operations of the audited units as well as relevant units to achieve the set goals and objectives.
2. The performing of any other non-audit tasks must always be approved by the Audit Committee.

3.5 Powers and Duties

1. The Internal Audit Unit is independent in auditing the operations of all departments within the organization.
2. Internal Audit Unit can have access to personnel, information, documents and assets of the employees in connection with the audit except for information on salary of the personnel in the Company.
3. The Internal Audit Unit has no authority to set policy, working methods and internal control systems or modify the internal control system because such duties are under the responsibilities of related executives. The internal auditor's duties are only providing advice and recommendations. However, the Internal Audit unit has the rights and duties to review the compliance with the Company's policies in order to assess the adequacy and effectiveness of the control so as to respond to the risks.
4. The Internal Audit Unit shall carry out the audit in accordance with the International Standard for the Professional Practice of Internal Auditing.
5. Internal Audit Unit has the right to attend training courses or participating in activities to increase their relevant knowledge by using the resources of the Company.
6. In case of the internal audit performance on any matters or any other performance of the internal audit is necessary to rely on the expertise of specialists, the head of Internal Audit shall present the Audit Committee and the Board of Directors respectively in order to be considered for an invitation or engaged specialists.

3.6 Duties and Responsibilities

1. To prepare the annual audit plan to the Audit Committee for approval and shall comply with the annual audit plan.
2. To review the internal audit charter at least once a year, so that it is consistent with the scope of responsibilities for the operations of the Company and shall be approved by the Audit Committee.
3. Verify the accuracy and reliability of data and figures by using techniques and generally accepted auditing methods. The quantities for auditing will be determined as deemed necessary and as appropriate taking into account the efficiency of the internal control system and the importance of the matter to be audited including analysis / evaluation of the management and operations of the audited unit by considering the priority for auditing. Also, with regard to time spent in the operation, significant risks shall be taken into consideration.

4. Develop audit program using Risk Based Approach that covers strategic risks, operational risk financial risk, regulatory risk and social and environmental risks.
5. Provide assessment of the conflict of interest of the Company on a yearly basis and audit the connected transactions or operational activities to ensure the compliance with policies, laws, regulations, orders including the segregation of tasks, maintenance of properties and the use of all resources taking into account the efficiency and effectiveness of the operations.
6. Evaluate performances / report on results of the audit and provide recommendations for improvement of the performances of the audited unit to be more efficient, effective and cost-savings in accordance with the internal control framework of COSO (COSO Framework: The Committee of Sponsoring Organizations of the Treadway Commission), an international organization that systematically disseminates methods and concepts of the internal control system; and report the adequacy and effectiveness of anti-corruption measures to the Audit Committee.
7. Arrange for the evaluation of the Internal Audit Unit Auditee operations by the auditor's unit, and the results would be used for the development and improvement of the services so as to achieve the internal audit objectives efficiently and effectively.
8. Monitor and evaluate the implementation of the jointly discussed conclusions to ensure the audited units have improved the operations as discussed.
9. Coordinate with persons involved to facilitate the audit to achieve the goals and to be efficient.
10. Assess risks in all processes of the Company relating to measures against corruption and provide appropriate risk management procedures.
11. Audit the compliance with measures, practical principles and the internal control relating to anti-corruption measures for all tasks assigned including financial and accounting internal controls and record-keeping to ensure that control relating to prevention on corruption is in place.
12. To receive corruption complaints and search additional information as assigned by the Audit Committee or the Senior Executive used supporting the consideration.
13. Perform other auditing work as assigned by the Audit Committee.

4. Details on the Chief of the Internal Audit Unit

The meeting of the Board of Directors No. 8/2008 held on 8 September 2008 resolved to appoint Ms.Toopthong Hirunyanulak as the Chief of Internal Audit since 18 August 2008. Ms.Toopthong Hirunyanulak

has possessed qualifications and experience in the internal audit and had attended training courses relevant to the internal audit such as international standards in internal audit, development of auditing, fraud audit, assessment of internal control and risk assessment according to the COSO ERM. Thus, Ms.Tooptheng Hirunyanulak has been considered suitable for the position to perform duties as assigned appropriately and sufficiently. The roles and responsibilities of Ms.Toopthong Hirunyanulak are as follows;

1. Perform duties as “Internal Auditor” responsible for assignments in accordance with the Audit Committee Charter approved by the Audit Committee.
2. Act as the “Secretary of the Audit Committee” by organizing meetings, preparing meeting document and taking note of the minutes of the Audit Committee meetings.

5.25 Company’s Operation Supervision

The Company recognizes the importance of compliance with regulations, one of the important mechanisms contributing to correct and prudent working procedures of the Company, which support the Company to be able to implement its strategic plans, achieve the goal. The Company also comply with the rules and regulations, articles of association and regulations of concerned agencies The following departments have been assigned to be responsible for such tasks;

- The Company Secretary is responsible to ensure that the operations of the Company are in compliance with rules and regulations for listed companies including regulations of the Company and articles of association as well as being center for compiling and keeping abreast of information on external rules and regulations concerned. The Company secretary shall also act as communication center to provide knowledge and advice on external rules and regulations for listed companies.
- Legal Affair Department is responsible for supervising legal affairs relating to the Company’s business and providing knowledge for the internal departments on various issues in order for the business operations to be handled correctly in accordance with laws of external agencies.
- The Internal Audit unit is responsible for assessment of the efficiency and adequacy of the internal control system. It must also audit and ensure the compliance with rules and regulations of the Company.
- The Quality System Department has the duty to establish operational guidelines in the procedure, work instruction and other concerned documents for all employees to use as a manual for operations including a process of problem analysis to contribute to the solution and improvement of the operational system to ensure the management system of planning, designing, construction, sales and community management are appropriate with extensive coverage, and also ensure that the implementation of the quality

5.26 Auditing Fee

The Company and its subsidiaries paid auditing fee to EY Office Limited as the auditor for the year 2017 as well as related individuals or businesses concerning the auditors and the audit firm in the last fiscal year in a total amount of Baht 3,680,000 Baht.

Neither the auditor firm nor the auditor has relationship nor any interest with the Company / executives / major shareholders or persons related to such persons. The auditor is independent and qualified to be auditor of the Company and has also been approved by the Office of the Securities and Exchange Commission.

- **Auditing Fee for the Year 2017**

1. The auditing fee for consolidated financial statement and separate financial statement totaling 2,450, 000 Baht.
2. An annual and quarterly auditing fee for four subsidiaries of the Company and the consolidated financial statements is Baht 1,230,000 Baht.

Total audit fees of Supalai Public Company Limited and its subsidiaries 3,680,000 Baht.

- **Non-audit fee**

- None -

5.27 Compliance with Good Corporate Governance Principles in Other Matters

The Board of Directors of Supalai Public Company Limited is well aware of the importance of corporate governance and social responsibility as it is confident that good governance will contribute to the following;

1. Strengthening a good management system with transparency and accountability, which can enhance the Company's potential to compete in the short and long terms for sustainable business growth and eliminating conflicts of interest that may arise.
2. Creating confidence among investors, both in the country and abroad as well as financial institutions, business partners, all stakeholders through clear and transparent communication on an equal basis and adding value to shareholders in the long run by significantly taking into consideration all kinds of stakeholders.
3. Being a tool to measure the operations of the Company and examine all operations to improve their efficiency.

Therefore, the Company's Handbook on Corporate Governance Policy and Ethics and Code of Conduct has been complied with by directors, executives and the employees, whereby the directors and executives have acted as good role models and oversee and encourage all employees to comply with the Code of Conduct and create working atmosphere favorable to the compliance with the guidelines specified

in the Handbook. At the same time, the Company is committed to prevent violation of the Code of Conduct; and in case of negligence and violation of such Code of Conduct, disciplinary penalties set forth by the Human Resources Department of the Company will be imposed. There has been communications and public relations to promote understanding of the practices of the Code of Conduct among the management and employees, while the monitoring of the compliance with guidelines of the Code of Conduct has been carried out. Detailed information for stakeholders can be found on the Company's website. (www.supalai.com).

- **Motto for Good Corporate Governance**

The Company has adopted a motto for good corporate governance under the concept of “Supalai GREAT” to promote an approach of working together in the same direction, and to strengthen the good organizational culture, which comprised of:

G (Good)	To think good, speak good and do good is the foundation of positive thinking, which can be applied to work and to solve problems. This also helps reduce conflicts while enhancing smooth and successful interpersonal communication.
R (Responsibility)	Act consciously. Operate business with determination and dedication with all our ability. Always learn to enhance capabilities.
E (Equitable Treatment & Ethics)	Treat all relevant parties equally. Adhere to moral standards and conduct business with fairness. Give priority to all stakeholders. Treat stakeholders equally regardless of gender, age, race, nationality, religion, belief, and political opinion.
A (Accountability)	Fulfill duties with utmost attention. Be consciously aware of and carry out our tasks cautiously. Bravely accept the consequences of our actions. Adhere to and abide by applicable laws, rules and regulations.
T (Transparency)	Operate business with transparency, disclosure of information and accountability. Be determined to conduct business with honest intention. All pieces of evidence and references can be traceable and accountable.

- **Supervision of the subsidiaries' operations**

The Company has set out a policy in supervising the operations of its subsidiaries. by selecting the directors of the Company who have relevant knowledge, skills, qualifications and experience in line with the type of the businesses of the subsidiaries to be the competent directors who have controlling powers over the subsidiaries as approved by the Board of Directors. In the event that the subsidiaries have important issues such as increase or decrease of capital, dissolution of the subsidiaries or associated companies, they shall always seek prior approval from the Board of Directors. Moreover, the supervision shall ensure that the operations of the subsidiaries and associated companies are transparent. Therefore, their auditors must be from the same auditing company that provides services to the Company in order for the auditors to audit business transactions and seek appropriate and sufficient evidence to express opinions on consolidated

financial statements. In the past, the Board of Directors resolved to approve the appointment of directors with scope of powers, duties and responsibilities as follows;

1. The oversight has been put in place to ensure that the directors, executives, and employees comply with the business ethics, Code of Conduct Handbook, policies according to Good Corporate Governance principles and policies related to anti-corruption, which are the same principles applied by the Company. Accordingly, in 2017, the Company has communicated the Code of Conduct Handbook (Summarized Version) to its subsidiaries and disseminated E-news, information on corporate governance, risk management, anti-corruption via cartoons such as Granpa Tham (Dharma), Granma Tuen (Warning), Noo Dee in order to be guidelines for its subsidiaries. The Department of Human Resources of each subsidiary has supervised the employees to comply with the policy of the Company as can be shown in the following images.



2. Control to ensure that there are complete and correct operations on data storage, accounting recording as well as regulations established in regard to the related party transaction, the acquisition or disposition of assets, or major transactions of the subsidiaries and also ensure that the preparation of financial statements is based on the same accounting policies used by the Company in order that the financial statements of the subsidiaries can be included in the consolidated financial statements properly and in a timely manner.
3. The Board of Directors assigns the Internal Audit Unit to review the performance of subsidiaries by using the Risk Based Approach depending on each case to ensure that the subsidiaries have appropriate and sufficient internal controls systems. The Internal Audit Unit shall then report to the Audit Committee to further propose their opinions to the Board of Directors.
4. Arrange for the reports on the operations and the financial Statement of the Subsidiaries Company to be proposed to the Board of Directors for acknowledgment on a monthly basis.

The Company adheres to good corporate governance principles based on a survey of corporate governance criteria of listed companies constantly, which might not yet cover certain principles. Nevertheless, the Company has arranged for other approaches different from the required criteria, and has been considered by the Board of Directors relating to the accountability and suitability according to the circumstances of the business of the Company. The aim is to achieve the Company's objectives, while taking into account maximum benefits of shareholders. The matters have not yet done by the Company are as follows:

1. Election of Directors by Cumulative Voting

This is because the elected director according to the cumulative voting might not have the qualifications in accordance with the Board Skill Matrix, which is the tool for recruitment of directors in line with the Company's strategy, and such director might perform according to the benefits of certain groups of shareholders, not for the best interests of the shareholders as a whole. This will lead to a rift between the directors and the executives, causing the management not to be in the same direction.

2. Preparation of Integrated Report

The Company has prepared annual reports according to the criteria of the Stock Exchange of Thailand, while preparing the sustainability development report according to the Global Reporting Initiative Version 4.0 (GRI G4), thus offering the users to access detailed information both financial and non-financial information, which is prepared in CDs and delivered to the shareholders prior to the date of the meeting of shareholders. Therefore, the users can download such information from the website of the Company.

3. Forming Policies to Limit the Number of Years for the Term of Office of Independent Director more than 9 years From the Date Appointed for the First Time

The Company has 5 independent directors, of which 2 shall hold office for less than 6 years and 3 directors for more than 9 years. However, the Nomination and Remuneration Committee and the Board agreed that independent directors are fully qualified according to the criteria set by the Securities and Exchange Commission, that is, they are knowledgeable, capable with experience suitable for the business. They can provide opinions freely and perform their duties as independent directors well. All independent directors have also proved that they can maintain independence and have no conflict of interest and / or significant vested interest in the Company, whatsoever.

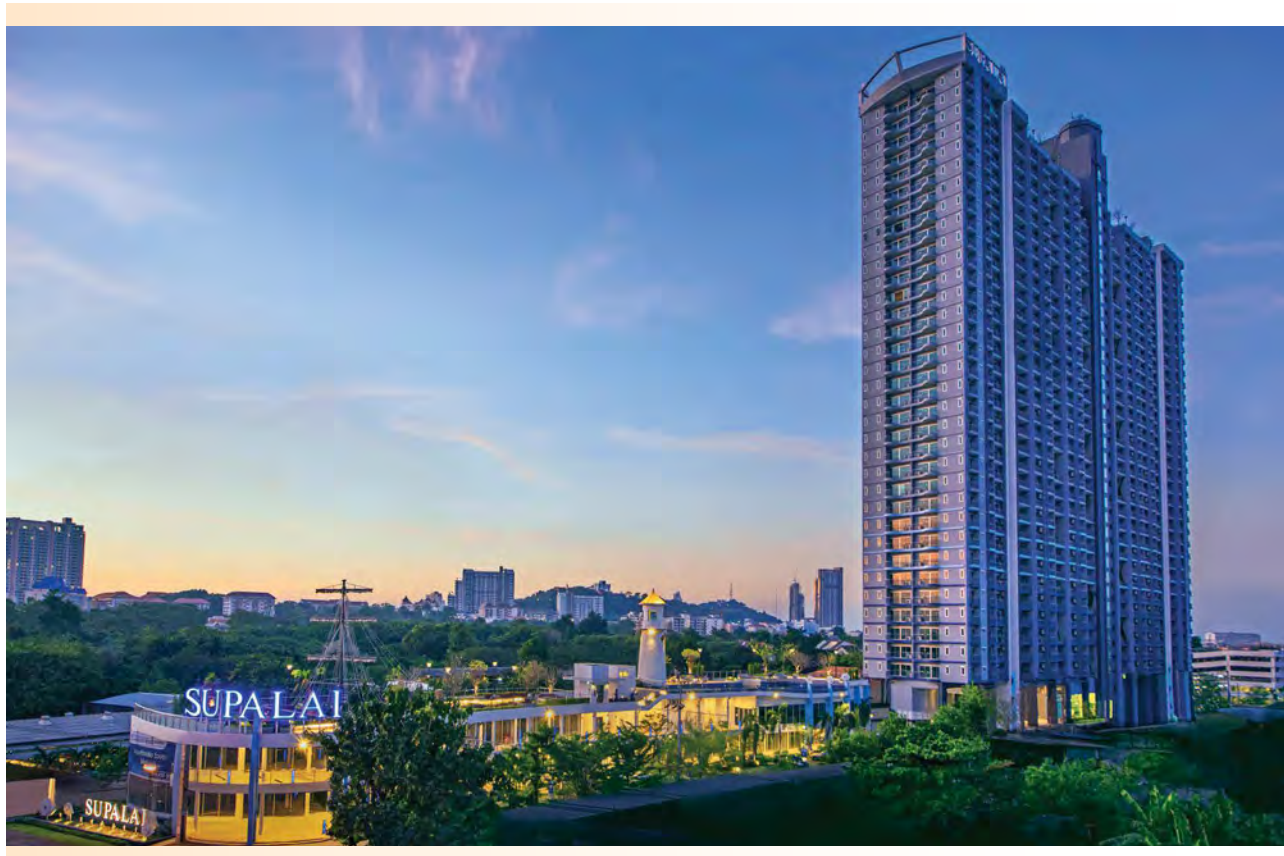
The Board of Directors shall consider and review matters that the Company still cannot comply with the principles of good corporate governance.

Investor Relations

Supalai Public Company Limited has listed its shares on the Stock Exchange of Thailand since November 1993 and set up the Investor Relations Department to be a center for disclosure of important information to the investors and supervise the financial report process to present the operational results and income outlook as well as the Company's future development projects to both local shareholders and foreign shareholders on an equitable, regular and complete basis. Shareholders can contact the Company's Investor Relations Department directly or at www.supalai.com, which always provides updated information in both Thai and English.

The Company has presented its operational results to analysts and investors regularly in the form of activities, such as “Analyst Meeting” and participated in “Opportunity Day” with the Stock Exchange of Thailand on a quarterly basis as well as the roadshows and conferences organized by various institutions both inside and outside Thailand. In addition, the Company has continually conducted in the “Company Visit” and “Conference Call” with institution investors.

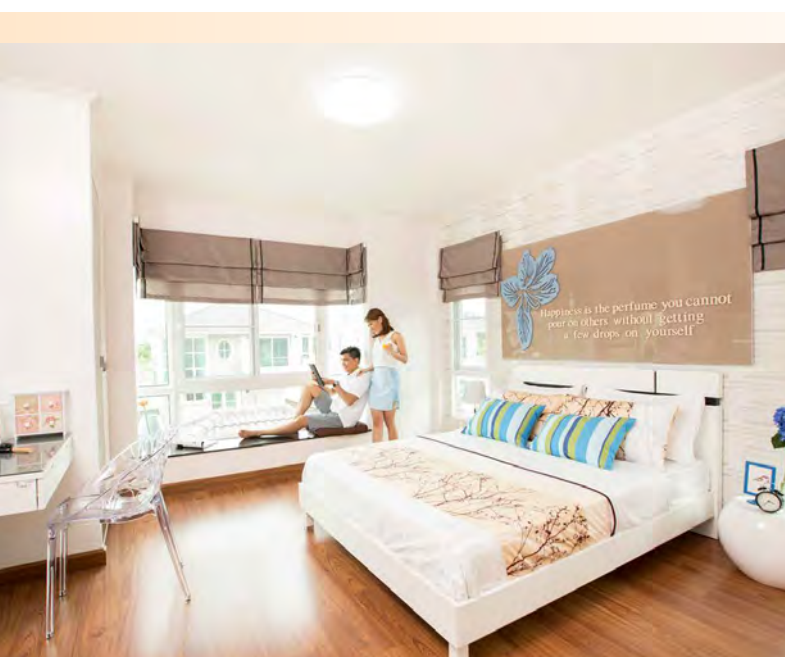
For any further information, please contact the Investor Relations Department, Supalai Public Company Limited at 0-2725-8888 ext. 857 or email: ir_spali@supalai.com or www.supalai.com.



Quality System

Supalai Public Company Limited has currently operated under the ISO 9001 standard. It has implemented the quality management system in accordance with international standard requirements by prioritizing all processes namely planning, controlling, monitoring, data analysis leading to the process of having better operational improvement continuously. The Company has also the commitment to develop its goods and services on a continual basis for the benefits of the consumers and to be in line with the provisions of the laws, professional standards and agreements made with the customers as announced in the Company's intention stated in the policies on quality which has been communicated to all employees to strictly comply with, that is, "Supalai Public Company Limited places emphasis on continual development of "Quality" in the systems of planning, designing, construction, sales and community service according to the laws, professional standards and written agreements made with the customers."

Over the past 28 years, the Company has focused its business targets on stable and sustainable growth; that are profit growth, strong competitiveness, and social legitimacy. The marked difference in the Company management is the implementation of ISO 9001 Quality Management System as its key management tool, taking the Company towards world-class standard. Standard operating procedure has been set to standardize the performance of every employee and every unit to enable on time delivery of quality output to customers. The Company's houses and condominium units undergo quality auditing in every process. In addition, for confidence in product quality, the Company has given to every customer a certificate of guarantee for house or condominium unit.



Quality Objectives

Supalai has received the ISO 9001 certification since 2002 up to the present. Throughout the period for more than 15 years, the Company has constantly developed its working system in order to satisfy the demand and bring to the customers maximum satisfaction. Such ISO 9001 certification covers the plan layout, designing, construction, sales as well as after-sale services for both the housing and condominium projects. Results of the Company's application for certification, details are as follows:

1 May 2002, the Company received ISO 9001:1994 certification from the Engineering Institute of Thailand, the Certification Body Office (EIT-CBO) under the Royal Patronage and the Energy & Environmental Accredited Quality Assessment (EAQA) for its housing development projects, whereby the Company has established the quality policies, quality objectives, quality manual, procedures and work instruction in accordance with the ISO 9001:1994 requirements.

1 March 2003, the Company received ISO 9001 : 2000 certification from the Engineering Institute of Thailand, the Certification Body Office (EIT-CBO) under the Royal Patronage and the Energy & Environmental Accredited Quality Assessment (EAQA).

15 August 2007, the Company had extended the certification of ISO 9001 : 2000 to cover "Condominium Projects", resulting in the Company being the first and only company in Thailand which has received ISO 9001 : 2000 certification for both the housing and condominium projects covering the plan layout, designing, construction, sales and after-sale services.

26 March 2010, the Company received ISO 9001:2008 certification from Bureau Veritus Certification (Thailand) Ltd. (BVC).



On 25 December 2013, the Company has been awarded as the 1st runner up of the award in “BV Symbol of Confidence in International Standard” Project from Bureau Veritas Certification (Thailand) Company Limited. Such award is an indication of importance of the implementation of ISO 9001: 2008, of which the certification logo has been used correctly with beauty and creativity, while being well communicated to the customers and interested people.

The ISO 9001 is an important management tool that enables the Company to enter into more universal standards and processes for continual and sustainable development. The employees’ participation in working as a team has also contributed to the creation of operation standards in order to work in a more systematic ways by including operational steps in the procedures, work instructions, operation regulations and other concerned documents in order to be manuals for all employees. There have been reviews of the procedures and work process from time to time to ensure that the operational management system is still suitable with sufficient coverage in order to achieve maximum efficiency when implemented.

In 2017, the Company has improved its processes to support the application for certification of ISO 9001: 2015 in 2018 as follows:

- 1) Define the topic of corporate context regarding the objectives, quality, strategy and impact on the ability of an organization to achieve the expected results for a quality management system, which takes into consideration issues relating to law, technology, competition condition, marketing, culture, society, environment, economy including issues relating to corporate values, organizational culture, knowledge and competency of the organization.
- 2) Define the topic of stakeholders relating to the Company's quality management system, such as employees, customers, shareholders, investors, communities / society, environment, suppliers / shops / contractors, government agencies, the SET, banks including competitors in the same business, which have impact on the ability of the Company in delivering the product in accordance with the agreements made with the customers, legal requirements and relevant regulations.
- 3) Define the organizational knowledge required for maintaining all the operational processes so as not to lose them including the preserving methods, access, communication methods, and always updating the knowledge.
- 4) Consider risk and opportunity in all processes of quality management system in order for all employees to be aware of how to manage risk and see opportunities to develop products and services so that quality management systems can achieve established goals.
- 5) Review “Quality Policy” to be in accordance with the target and corporate context to support the organization's strategic direction according to the requirements of ISO 9001: 2015.
- 6) Conduct internal quality audit (IQA) according to the requirements of ISO 9001: 2015

- 7) Organize a meeting of the Management Review Committee to review the Company's quality management system to comply with the requirements of ISO 9001: 2015.

In operating under ISO 9001, the Company has applied 7 principles of quality management as guidelines for organizing its systems. Such principles are as follows:

- 1) Customer-Focused Organization
- 2) Leadership
- 3) Involvement of People
- 4) Process Approach
- 5) Continual Improvement
- 6) Factual Approach to Decision Making
- 7) Mutually Beneficial Supplier Relationship

There has also been process for analyzing problems to find accurate solutions and prevention with the tools that will lead to improvement and development of working system continually in various matters, such as

1. Establishing Key Performance Indicators (KPIs) All units need to have the performance measurement to reflect the efficiency and effectiveness of their operations and to create impetus for the development of job performance according to the goals. There is the measurement process of plan layout, designing, construction, sales and after-sale services.

The Company has also reviewed the indicators and targets of all processes periodically to be in line with current practice and to achieve maximum efficiency and effectiveness, focusing on the measurement principle of “A customer is the most important visitor”, applying to both internal and external customers in order to continuously improve quality and service standard of the Company. Such as;

- Measurement of customers’ satisfaction in various aspects such as after-sale services, repair services, project management, provision of information and speedy services, etc., in order to use as indicators by concerned departments and for assessing the customers’ satisfaction with the quality of homes, condominium units and the employees’ service; this will help the Company to know the point that needs to be improved and the needs include expectations of customers for the Company further carry out improvement and development on a continual basis.
- Measurement of process of complaint reception in order that every unit to provide customer with responses and resolutions in a timely manner and much faster. The Company has also taken the complaints from clients for analysis and established guidelines to prevent recurrence.



Such responses and problem solving have been monitored by the management continuously as the Company has set up the procedures and notified every employee to strictly comply with.

- Measurement of homes and units delivery to customers by quality evaluation and the delivery time which is on schedule agreed upon with the customers.
- Measurement of process for internal customers among each other which emphasizes the input, the process and the output by controlling the operation to be consistent with the set targets in order to ensure that such work would bring about quality input for subsequent process.
- etc.

2. Every unit is required to improve the effectiveness of ISO 9001 on a continual basis as a result of the following operations:

- Analyzing information and monitoring the operation;
- Measuring operational results by using KPIs;
- Reviewing of information and measuring customers' satisfaction;
- The improvement and development of working system according to recommendations from the monitoring of ISO 9001 system by both the system certifying body and the Company's internal quality auditor;
- Providing that there be a review of the system and the management process in the procedures, work instructions, operation regulations and concerned documents from time to time to ensure that the management system is still suitable with sufficient coverage, while improvement and development have been carried out continuously.

3. **The application of competency in the organization** to establish the relationship among the levels of skill, knowledge, ability, expertise and suitability of each working position as well as emphasizing the promotion and incentives for working, specifically the emphasis on employee development plan.

4. **The establishment of selection criteria for employment, operation control and evaluation of the outside contractors covering all processes of employment of the Company.** To ensure that the external contractors employed by the Company are qualified and qualification according to the Company's requirements.

5. **Control and monitor the operation closely by high ranking executives in various forms** such as

- Monitoring system ISO 9001 by the certifying body;
- Internal quality system audits by internal quality auditors appointed by the Company; (Internal Quality Audit / IQA)
- Reporting on the operational results and KPIs.

6. **The Company has appointed employees from various departments to be internal quality auditors of ISO 9001.** The employees therefore have participated in the monitoring of operations of other departments on a continual basis to ensure confidence of the executives and customers that each step of operation is in line with the requirements of ISO 9001:2008 standards and the operational procedures established by the Company. Furthermore, from monitoring, the internal quality auditors of the Company would provide recommendations and guidelines for continual improvement and development of various departments' working systems. Accordingly, the auditors and the persons being monitored can learn about each other and understand better the working process of each department, which are considered internal customers and thereby enhancing the internal coordination to be more efficient.

Furthermore, the Company has laid down a policy of attaching importance to every customer by installing a property sign "**A customer is the most important visitor on our premises,**" of Mahatma Gandhi at every estate project, as a guideline to be followed by every employee and to provide good service to customers who are deemed the Company's most important persons.

Furthermore, in response to customer needs, the Company has provided customers with several channels of communication with the Company, regardless of whether they will be comments, suggestions, and complaints on goods and services. Also, top executives of the Company have paid close attention to every process and regularly visited various projects to gain an insight into problems, leading to solutions or preventive measures on an expedited basis. Such actions taken by the Company are aimed for the continuous development of its goods and services in order to satisfy the demand and maximum satisfaction of the customers.

Connected Transactions

Connected Transactions in 2017

Related Company	Relationship	Description of Transaction	Transaction Value (Million Baht)	Opinion of Audit Committee/Need and Reasonableness
			2017	
1. Durafloor Company Limited	It has 1 joint Director with SPALI, Dr.Prateep Tangmatitham.	Purchases of Construction Materials SPALI purchases wall paper and durafloor tiles of certain types specified by SPALI.	148.05	Such transaction is of the same nature of trading agreement which persons of ordinary prudence would do with general trading partners in the same circumstances at the normal prices and conditions offered by sellers to general customers with trade negotiation power, without influence as Directors, Executives or related persons.
Type of Business Selling wall paper and Durafloor tiles		Trade Account Payables Trade account payables arising from purchases of wall paper and durafloor tiles of certain types specified by SPALI.	21.7	
2. Diamond Building Products Public Company Limited	It has 1 joint Director with SPALI, Mr.Prakit Pradiprasen.	Purchases of Construction Materials SPALI purchases the roof tiles of certain types specified by SPALI.	88.03	Such transaction is under the same nature of trading agreement which persons of ordinary prudence would do with general trading partners in the same circumstances at the normal prices and conditions offered by sellers to general customers with trade negotiation power, without influence as Director, Executive or related person.
Type of Business Selling roof tiles		Trade account payables It is trade account payables arising from the purchases of roof tiles of certain types specified by SPALI.	17.2	

Remark : SPALI: Supalai Public Company Limited

Measures or Procedures for Approval of Connected Transactions

According to Section 89/12 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008), “Executive Directors or other related persons can carry out the transactions with a company or its subsidiaries only when such transaction has been authorized by the meeting of shareholders except when the transaction is a trading agreement in the manner any person of ordinary prudence shall conduct with their business partner under the same circumstances, with the power to negotiate the business as authorized by the company’s board of directors, or according to the principles approved by the company’s board of directors.”

As per the above requirement, the Company’s Board of Directors has therefore specified that the Company and its subsidiaries wishing to carry out any transaction with any executive director or related person, such transaction must be in accordance with the general trading conditions or a transaction under trading agreement in the same manner as the person of ordinary prudence would do with general contracting partners under the same circumstances, and according to the negotiating power, without the influence such person has in the position of director, executive or related person, as the case may be, under reasonable condition and accountability that can be examined and shall not cause a transfer of interest. Besides, such transaction must be considered by the Company’s Board of Directors. Furthermore, the Company shall make a summary report every time there is a transaction worth more than 20 million baht to be presented to the meeting of the Company’s Board of Directors.

The Company’s Board of Directors has prescribed the policies, procedures and consideration and approval process of the transaction as well as disclosing of information in accordance with the regulations prescribed by the government regulatory agency. That is, the Company or its subsidiaries can carry out a transaction with persons who may have conflict of interest only when approved by the Audit Committee or the Independent Directors, and have been approved by the Company’s Board of Directors and/ or the meeting of shareholders prior to the transaction according to the amount of the transaction prescribed by the Stock Exchange of Thailand. However, for the transaction in which the Directors or persons who may have conflict of interest, vested interest, or may have other conflicts of interest with the Company, such Directors or persons shall not have the right to vote in that matter. For such purposes, the transaction shall not be conducted in such a manner of authorization which allows the authorized person to have the power in any other way to approve the transaction with interest of such authorized person or person with interest or conflict of interest with the Company or its subsidiaries.

Policy or Future Trend for Connected Transactions

The Company has a policy to continue the current connected transactions in the future under a good corporate governance by prescribing conditions in compliance with normal characteristics of business operations and market prices comparable to the prices paid by third parties. The Company includes the Audit Committee in considering the suitability of the prices and the reasonableness of the connected transactions.

As for future connected transactions, the Company's Board of Directors will comply with the laws governing securities and the securities market as well as regulations, notifications, orders or requirements of the Office of the Securities and Exchange Commission, the Capital Supervision Committee and the Stock Exchange of Thailand, as well as following the requirements on disclosure of information on connected transactions and the acquisition or selling of important assets of the Company or its subsidiaries.

If there is a connected transaction of the Company or its subsidiaries with persons who may have conflict of interest, vested interest, or may have conflict of interest in the future, the Company will require the Audit Committee's opinion on the need and appropriateness of such transaction. In the case where the Audit Committee has no expertise in considering the connected transaction which may be incurred, the Company will request the independent experts or the Company's auditor to give opinion on such connected transaction in support of the decision making of the Company's Board of Directors or its shareholders, as the case may be. The Company shall disclose connected transactions in the notes to the financial statements audited by the Company's auditor.

Regarding the provision of financial assistance to its subsidiaries in the future, the Company shall consider their financial position, business operational results and ability in making repayment. In providing financial support to such subsidiaries, the Company shall take into consideration the advantages and disadvantages whether or not such subsidiaries can continue their business operations without the Company's assistance. Furthermore, in providing assistance, the Company shall take into consideration its position as a major shareholder and the power to control the management to be in line with the Company's objectives. The Company shall not, however, provide financial support to other companies which are not the Company's subsidiaries.

Report on the Board of Director's Responsibility for Financial Report

The Board of Directors is responsible for financial statements of Supalai Public Company Limited and the consolidated financial statements of Supalai Public Company Limited and its subsidiaries including the information technology regarding financial matters appear in the annual report. The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2004, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 1992, in addition, their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2000., whereby appropriate accounting policies have been utilized and implemented on a continual basis with careful discretion and best practice for the forecast. Also, important information has been sufficiently disclosed in the notes to financial statements in order to be transparent and beneficial to shareholders and general investors.

The Board of Director has provided suitable and efficient internal control system to reasonably assure that the accounting information is correct, complete, adequate and timely in order to maintain the property and prevent dishonest act or adverse act in material matters. It has also appointed the Audit Committee comprising independent directors who perform supervisory duties and review accounting policies and quality of financial reports, internal control system and the internal audit procedures to be efficient. The opinions of the Audit Committee on the above-mentioned matters are as appear in the report of the Audit Committee as presented in the annual report.

The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries have been audited by an independent certified public accountant, which was EY Office Limited. For the audit, the Board of Directors has provided information and documents in order for the auditor to be able to perform the auditing work and express opinions according to the accounting standards. Such opinions of the auditor appear without qualifying in the report of the auditor as presented in the annual report.

The Board of Directors is of the opinion that the overall internal control system of the Company has maintained an effective internal control at an adequate and appropriate level of protection and created reasonable confidence that the financial statements of Supalai Public Company Limited and the consolidated financial statements of Supalai Public Company Limited and its subsidiaries for the year ended 31 December 2017 are reliable in all material respects and have been prepared in accordance with Thai Financial Reporting standards and relevant laws and regulations.



(Dr. Prateep Tangmatitham)

Chairman of the Board of Directors
Supalai Public Company Limited

Independent Auditor's Report

To the Shareholders of Supalai Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Supalai Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Supalai Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Supalai Public Company Limited and its subsidiaries and of Supalai Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition from sales of real estate

In 2017, the Group recognised revenue from sales of real estate amounting to Baht 24,617 million, and Baht 23,506 million in the consolidated and separate statement of income, respectively. Since revenue from sales of real estate is highly significant to the financial statements, I focused on the correctness of revenue recognition from real estate sales in accordance with the Group's policy, as described in Note 4.1 to the financial statements.

I have examined the revenue from sales of real estate of the Group by

- Assessing and testing the internal controls with respect to the revenue from sales of real estate by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select revenue transactions and examining the sales contracts and supporting documents for sales and transfer of ownership to assess whether revenue recognition was compliant with the Group's policy.
- I have performed analytical procedures on revenue from sales of real estate data by project for each quarter to detect possible irregularities in revenue transactions.

Compliance with covenants stipulated in loan/debenture agreements

As at 31 December 2017, the Group had loans from financial institutions and debentures totaling Baht 16,981 million (62% of total liabilities) (Separate financial statements: Baht 16,852 million (63% of total liabilities), which are significant accounts. Under the loan/debenture agreements, the Group is required to comply with certain covenants, as discussed in Note 20 and Note 21 to the financial statements. If the Group is unable to comply with those covenants, it may result in the loans and debentures being called by the lenders/debenture holders, and the reclassification of the liabilities from non-current liabilities to current liabilities, impacting the going concern of the Group. I read the loan/debenture agreements and gained an understanding of and assessed the process by which compliance with the covenants specified in the contracts is monitored by management. I also examined documentation related to compliance with both the non-financial and financial covenants, including testing the financial ratio calculations to assess whether they complied with the covenants in the loan/debenture agreements. In addition, I reviewed the disclosure of information on conditions of loan/debenture agreements in the notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Krongkaew Limkittikul

Certified Public Accountant (Thailand) No. 5874

EY Office Limited

Bangkok: 20 February 2018

Supalai Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	513,522,443	569,066,878	365,559,283	293,526,278
Current investments	8	1,260,490,255	-	-	-
Trade and other receivables		22,589,040	19,442,225	2,055,551	2,222,836
Short-term loans to subsidiaries and interest receivables	6	-	-	86,026,507	1,500,330
Current portion of long-term loan to subsidiary company and interest receivable	6	-	-	551,218,391	192,348,000
Advance to subsidiary company		-	-	3,407,023	3,736,487
Costs of property development projects for sales	9	49,509,866,449	46,409,679,237	47,075,154,242	43,787,366,800
Deposits for land purchase		295,294,644	202,956,613	295,294,644	202,956,613
Advance payment for construction materials		244,466,983	321,469,067	243,708,823	320,860,190
Other current assets		309,841,957	266,821,366	254,824,523	180,677,948
Total current assets		52,156,071,771	47,789,435,386	48,877,248,987	44,985,195,482
Non-current assets					
Restricted bank deposits	10	25,477,150	25,936,200	-	-
Long-term loan to subsidiary company, net of current portion	6	-	-	-	404,532,613
Long-term loans to related party and interest receivable	6	621,287,895	390,053,241	-	-
Investments in subsidiaries	11	-	-	3,111,465,610	2,776,654,911
Investments in joint ventures	12	1,047,343,942	824,618,923	-	-
Investment in associate	13	66,699,778	31,804,897	-	-
Other long-term investments	14	1,671,200	1,620,675	1,671,200	1,620,675
Investment properties	15	1,235,501,586	1,989,977,734	796,060,130	828,314,492
Property, building and equipment	16	413,932,765	439,496,618	261,050,446	273,792,507
Intangible assets	17	57,844,136	61,345,749	57,811,378	61,255,451
Deferred tax assets	26	52,167,890	100,329,708	34,625,445	83,992,069
Other non-current assets		23,803,982	24,972,667	22,229,383	23,547,337
Total non-current assets		3,545,730,324	3,890,156,412	4,284,913,592	4,453,710,055
Total assets		55,701,802,095	51,679,591,798	53,162,162,579	49,438,905,537

The accompanying notes are an integral part of the financial statements.

Supalai Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Bills of exchange payable	18	2,976,857,494	1,977,069,075	2,976,857,494	1,977,069,075
Trade and other payables	19	1,834,335,765	2,117,138,605	1,758,991,508	2,027,897,208
Current portion of long-term loans from banks	20	2,460,000,000	2,090,205,702	2,460,000,000	2,029,100,811
Current portion of debentures	21	4,699,343,487	4,398,960,514	4,699,343,487	4,398,960,514
Short-term loan from other party		12,738,575	25,936,200	-	-
Short-term loans from director and interest payable	6	-	287,058,973	-	-
Income tax payable		730,559,964	406,531,616	645,048,882	389,418,567
Deposits and advances received from customers		3,763,836,644	3,389,780,050	3,725,454,419	3,322,550,019
Retention guarantees		489,555,770	576,257,582	466,502,026	534,083,235
Provision for liabilities arising from legal cases	31.3	30,762,020	29,000,000	30,762,020	29,000,000
Other current liabilities		316,692,189	211,625,147	295,771,946	187,576,329
Total current liabilities		17,314,681,908	15,509,563,464	17,058,731,782	14,895,655,758
Non-current liabilities					
Long-term loans from banks, net of current portion	20	128,998,214	1,741,585,974	-	1,540,069,675
Debentures, net of current portion	21	9,692,297,930	10,691,433,071	9,692,297,930	10,691,433,071
Provision for long-term employee benefits	22	139,305,359	101,094,331	125,274,693	87,895,469
Deferred tax liabilities	26	43,634,561	19,130,678	-	-
Other non-current liabilities		2,493,946	4,758,361	2,493,946	4,758,361
Total non-current liabilities		10,006,730,010	12,558,002,415	9,820,066,569	12,324,156,576
Total liabilities		27,321,411,918	28,067,565,879	26,878,798,351	27,219,812,334

The accompanying notes are an integral part of the financial statements.

Supalai Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
2,145,691,561 ordinary shares of Baht 1 each	25	2,145,691,561	1,770,000,000	2,145,691,561	1,770,000,000
(31 December 2016: 1,770,000,000 ordinary shares of Baht 1 each)					
Issued and fully paid-up					
1,716,553,249 ordinary shares of Baht 1 each		1,716,553,249	1,716,553,249	1,716,553,249	1,716,553,249
Paid-in capital					
Share premium		219,417,172	219,417,172	219,417,172	219,417,172
Treasury share premium		453,211,503	453,211,503	391,745,272	391,745,272
Retained earnings					
Appropriated-statutory reserve	23	177,000,000	177,000,000	177,000,000	177,000,000
Unappropriated		25,239,729,655	20,393,583,994	23,778,727,791	19,714,497,186
Other components of shareholders' equity		(123,599,436)	(14,178,637)	(79,256)	(119,676)
Equity attributable to owners of the Company		27,682,312,143	22,945,587,281	26,283,364,228	22,219,093,203
Non-controlling interests of the subsidiaries		698,078,034	666,438,638	-	-
Total shareholders' equity		28,380,390,177	23,612,025,919	26,283,364,228	22,219,093,203
Total liabilities and shareholders' equity		55,701,802,095	51,679,591,798	53,162,162,579	49,438,905,537

The accompanying notes are an integral part of the financial statements.

Supalai Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Revenue from sales of real estate		24,617,130,543	22,901,918,730	23,505,620,522	21,564,564,135
Revenue from rental and services		402,740,094	433,825,581	172,855,757	159,855,159
Gain on disposal of investment properties	15	450,568,135	-	1,008,797	-
Other income		318,610,300	155,893,253	246,139,291	225,323,647
Total revenues		25,789,049,072	23,491,637,564	23,925,624,367	21,949,742,941
Expenses					
Cost of real estate sales		15,215,784,903	14,196,548,726	14,504,831,968	13,371,648,966
Cost of rental and services		228,062,948	261,985,774	78,642,590	73,378,993
Selling expenses		1,722,989,364	1,417,487,808	1,647,731,977	1,340,002,357
Administrative expenses		1,199,045,296	1,118,675,324	1,048,794,768	936,076,401
Total expenses		18,365,882,511	16,994,697,632	17,280,001,303	15,721,106,717
Profit before share of gain from investments in joint ventures and associate, finance cost and income tax expenses					
		7,423,166,561	6,496,939,932	6,645,623,064	6,228,636,224
Share of gain from investments in joint ventures and associate	12, 13	290,883,901	79,642,911	-	-
Profit before finance cost and income tax expenses		7,714,050,462	6,576,582,843	6,645,623,064	6,228,636,224
Finance cost		(347,746,328)	(314,300,073)	(336,764,985)	(299,372,425)
Profit before income tax expenses		7,366,304,134	6,262,282,770	6,308,858,079	5,929,263,799
Income tax expenses	26	(1,488,507,925)	(1,277,240,627)	(1,278,305,497)	(1,182,327,589)
Profit for the year		5,877,796,209	4,985,042,143	5,030,552,582	4,746,936,210
Profit attributable to:					
Equity holders of the Company		5,812,045,806	4,886,527,197	5,030,552,582	4,746,936,210
Non-controlling interests of the subsidiaries		65,750,403	98,514,946		
		5,877,796,209	4,985,042,143		
Earnings per share					
27					
Basic earnings per share					
Profit attributable to equity holders of the Company		3.39	2.85	2.93	2.77
Diluted earnings per share					
Profit attributble to equity holders of the Company		3.25	2.85	2.81	2.77

The accompanying notes are an integral part of the financial statements.

Supalai Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit for the year		5,877,796,209	4,985,042,143	5,030,552,582	4,746,936,210
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(76,847,203)	(56,094,709)	-	-
Gain (loss) on change in value of available-for-sale investments		(33,006,413)	44,545	50,525	44,545
Less: Income tax effect	26	103,371	(8,909)	(10,105)	(8,909)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(109,750,245)	(56,059,073)	40,420	35,636
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss	22	(27,296,636)	-	(27,777,773)	-
Less: Income tax effect	26	5,459,328	-	5,555,555	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(21,837,308)	-	(22,222,218)	-
Other comprehensive income for the year		(131,587,553)	(56,059,073)	(22,181,798)	35,636
Total comprehensive income for the year		5,746,208,656	4,928,983,070	5,008,370,784	4,746,971,846
Total comprehensive income attributable to:					
Equity holders of the Company		5,680,692,253	4,830,468,124	5,008,370,784	4,746,971,846
Non-controlling interests of the subsidiaries		65,516,403	98,514,946		
		5,746,208,656	4,928,983,070		

The accompanying notes are an integral part of the financial statements.

For the year ended 31 December 2017

(Unit: Baht)

The accompanying notes are an integral part of the financial statements.

Supalai Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Share premium	Treasury share premium	Retained earnings		Other components of equity	Total shareholders' equity
				Appropriated	Unappropriated	Deficit on changes in value of available-for-sale investments	
Balance as at 1 January 2016	1,716,553,249	219,417,172	391,745,272	177,000,000	16,683,895,593	(155,312)	19,188,455,974
Profit for the year	-	-	-	-	4,746,936,210	-	4,746,936,210
Other comprehensive income for the year	-	-	-	-	-	35,636	35,636
Total comprehensive income for the year	-	-	-	-	4,746,936,210	35,636	4,746,971,846
Dividend paid (Note 30)	-	-	-	-	(1,716,334,617)	-	(1,716,334,617)
Balance as at 31 December 2016	1,716,553,249	219,417,172	391,745,272	177,000,000	19,714,497,186	(119,676)	22,219,093,203
Balance as at 1 January 2017	1,716,553,249	219,417,172	391,745,272	177,000,000	19,714,497,186	(119,676)	22,219,093,203
Profit for the year	-	-	-	-	5,030,552,582	-	5,030,552,582
Other comprehensive income for the year	-	-	-	-	(22,222,218)	40,420	(22,181,798)
Total comprehensive income for the year	-	-	-	-	5,008,330,364	40,420	5,008,370,784
Dividend paid (Note 30)	-	-	-	-	(944,099,759)	-	(944,099,759)
Balance as at 31 December 2017	1,716,553,249	219,417,172	391,745,272	177,000,000	23,778,727,791	(79,256)	26,283,364,228

The accompanying notes are an integral part of the financial statements.

Supalai Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2017

(Unit: Baht)

Cash flows from operating activities

Profit before tax	7,366,304,134	6,262,282,770	6,308,858,079	5,929,263,799
Adjustments to reconcile profit before tax				
to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	142,898,646	156,823,745	76,293,920	72,960,930
Share of gain from investments in joint ventures and associate	(290,883,901)	(79,642,911)	-	-
Gain on disposal of investment properties	(450,568,135)	-	(1,008,797)	-
Gain on sales of property, building and equipment	(9,537,326)	(1,902,948)	(1,882,266)	(1,868,165)
Unrealised loss on exchange	-	-	60,349,082	36,262,142
Reversal of allowance for loss on diminution in project value	(12,610,329)	(126,819)	-	(126,819)
Provision for liabilities arising from legal cases (reversal)	1,762,020	(12,157,000)	1,762,020	(12,157,000)
Amortisation of issuance cost of debentures	6,036,568	6,171,013	6,036,568	6,171,013
Provision for long-term employee benefits	10,914,392	10,788,426	9,601,451	9,154,893
Dividend income	(1,393,300)	-	(32,474,139)	(64,247,190)
Interest income	(86,522,482)	(1,919,267)	(19,911,858)	(29,749,321)
Interest expenses	335,688,315	302,694,402	324,137,010	288,215,963
Profit from operating activities before				
changes in operating assets and liabilities	7,012,088,602	6,643,011,411	6,731,761,070	6,233,880,245
Operating assets decrease (increase)				
Trade and other receivables	10,781,292	(8,460,862)	167,285	(2,222,836)
Costs of property development projects for sales	(2,831,412,652)	(3,519,647,641)	(3,037,992,858)	(3,346,979,225)
Other current assets	(24,011,340)	25,398,366	(89,295,996)	(22,609,261)
Other non-current assets	1,168,685	(2,089,555)	1,317,954	(2,314,306)
Operating liabilities increase (decrease)				
Trade and other payables	(278,907,764)	194,213,883	(257,230,468)	219,236,516
Deposits and advances received from customers	374,056,594	(215,702,256)	402,904,400	(152,877,984)
Other current liabilities	18,295,414	39,296,572	40,614,409	66,141,443
Other non-current liabilities	(2,264,415)	(5,033,724)	(2,264,415)	(4,420,922)
Cash flows from operating activities	4,279,794,416	3,150,986,194	3,789,981,381	2,987,833,670
Cash paid for interest expenses	(547,095,906)	(607,283,802)	(536,896,137)	(589,847,235)
Cash paid for corporate income tax	(1,120,596,375)	(1,168,483,225)	(967,763,108)	(1,117,456,379)
Net cash flows from operating activities	2,612,102,135	1,375,219,167	2,285,322,136	1,280,530,056

The accompanying notes are an integral part of the financial statements.

Supalai Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Cash flows from investing activities					
Interest income		12,796,141	896,058	12,360,375	20,867,362
Increase in current investments		(1,293,547,193)	-	-	-
Increase in restricted bank deposits		-	(25,936,200)	-	-
Increase in investment in subsidiary company		-	-	(334,810,699)	(1,125,360,679)
Increase in investments in joint ventures		(42,801,587)	(342,683,181)	-	-
Decrease (increase) in short-term loans to subsidiary		-	-	(84,500,000)	232,650,000
Increase in long-term loans to related party		(178,340,050)	(389,030,032)	(6,869,334)	-
Dividend received		57,465,798	-	32,474,139	64,247,190
Acquisitions of investment properties		(1,726,596)	(8,035,814)	-	(684,452)
Acquisitions of building and equipment		(33,314,795)	(33,890,596)	(25,281,584)	(27,913,624)
Acquisitions of intangible assets		(3,306,321)	(37,214,956)	(3,306,321)	(37,214,956)
Proceeds from sales of investment properties		1,045,621,198	-	1,510,000	-
Proceeds from sales of property, building and equipment		13,823,150	2,608,219	2,115,545	2,573,331
Net cash flows used in investing activities		(423,330,255)	(833,286,502)	(406,307,879)	(870,835,828)
Cash flows from financing activities					
Decrease in bank overdrafts and short-term loans from financial institutions		-	(15,274,647)	-	(14,905,789)
Cash receipt from bills of exchange payable		3,851,077,729	2,665,256,351	3,851,077,729	2,665,256,351
Repayment of bills of exchange payable		(2,900,000,000)	(2,200,000,000)	(2,900,000,000)	(2,200,000,000)
Increase (decrease) in short-term loans from director		(287,000,000)	287,000,000	-	-
Increase in short-term loan from other party		-	25,936,200	-	-
Cash receipt from long-term loans from banks		24,978,311,428	31,204,696,354	24,886,241,320	30,488,046,595
Repayment of long-term loan from director		-	(330,000)	-	-
Repayment of long-term loans from banks		(26,239,489,935)	(31,765,583,393)	(25,995,411,806)	(30,749,576,109)
Proceeds from issuance of debentures		3,695,211,264	1,997,309,140	3,695,211,264	1,997,309,140
Cash paid for settlement of debentures		(4,400,000,000)	(1,200,000,000)	(4,400,000,000)	(1,200,000,000)
Dividend paid		(944,099,759)	(1,715,066,726)	(944,099,759)	(1,715,066,726)
Cash paid for acquisition of investment in subsidiaries		(8,764,278)	-	-	-
Subsidiary paid dividend for non-controlling interest of the subsidiary		(24,910,545)	(50,652,810)	-	-
Net cash flows used in financing activities		(2,279,664,096)	(766,709,531)	(1,806,981,252)	(728,936,538)
Translation adjustments		35,347,781	(4,053,501)	-	-
Net increase (decrease) in cash and cash equivalents		(55,544,435)	(228,830,367)	72,033,005	(319,242,310)
Cash and cash equivalents at beginning of year		569,066,878	797,897,245	293,526,278	612,768,588
Cash and cash equivalents at end of year		513,522,443	569,066,878	365,559,283	293,526,278

The accompanying notes are an integral part of the financial statements.

Supalai Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2017

1. General information

Supalai Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in property development. The registered office of the Company is at 1011 Supalai Grand Tower, Rama 3 Road, Chongnonsri, Yannawa, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Supalai Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Shareholding percentage	
			2017	2016
			(Percent)	(Percent)
Investments in subsidiaries (held by the Company)				
Supalai Northeast Company Limited	Property development	Thailand	99	99
Phuket Estate Company Limited	Hotel and Property development	Thailand	82	82
Haadyai Nakarin Company Limited	Property development	Thailand	57	56
Supalai Property Management Company Limited	Hotel and Management	Thailand	100	100
Supalai Philippines Incorporate	Office building rental ¹⁾	Philippines	100	100
Supalai Singapore Holdings Pte. Ltd.	Holdings company	Singapore	100	100

¹⁾ During the year 2017, Supalai Philippines Incorporate sold all of its rental office building as discussed in Note 15 to the financial statements.

Company's name	Nature of business	Country of incorporation	Shareholding percentage	
			2017	2016
			(Percent)	(Percent)

Investments in subsidiaries (held by Supalai Singapore Holdings Pte. Ltd.)

Supalai Australia Holdings Pty Ltd	Holdings company	Australia	100	100
------------------------------------	------------------	-----------	-----	-----

Investments in subsidiaries (held by Supalai Australia Holdings Pty Ltd)

Supalai Rippleside Development Pty Ltd	Holdings company	Australia	100	100
Supalai Officer Development Pty Ltd	Holdings company	Australia	100	100
Supalai Greenvale Development Pty Ltd	Holdings company	Australia	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 On 14 June 2016, a meeting of Company's Board of Director passed a resolution to approve the investments by Supalai Australia Holdings Pty Ltd (the subsidiary company) in joint arrangements which were assessed as being joint operations between the subsidiary company and other joint operators. The subsidiary company recognised its shares of assets, liabilities, revenue and expenses of the joint operation in its financial statements, in proportion to its interest. Details as follows:

Name of entity	Nature of business	Country of incorporation	Interest in joint operations	
			2017	2016
			(Percent)	(Percent)
Peet No 119 Pty Ltd	Project development	Australia	50	50

2.4 The separate financial statements present investments in subsidiaries, joint ventures and associated under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised and new financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

a) Revenue from sales of real estate

Revenues from sales of land, land and houses and condominium units are recognised in full when ownership is transferred. Sales are thus recognised as revenue in full when the construction works are completed and the ownership has been transferred to buyers after all payments have been received from the buyers.

b) Revenue from rental and services

Rental income is recognised as revenue over on straight-line basis the period of the lease.

Service revenue is recognised when services have been rendered taking into account the stage of completion.

c) Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

e) Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cost of real estate sales

In determining the costs of land, land and houses and condominium units sold, the total development costs are attributed to units sold on the basis of the salable area.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.5 Property development projects for sale

Property development projects for sale are stated at the lower of cost and net realisable value. Cost comprises cost of land, design fees, utilities, construction costs, and directly related finance cost and expenses.

The Company and its subsidiaries recognise loss on diminution in project value (if any) in profit or loss.

4.6 Investments

a) Investments in available-for-sale are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

c) Investments in joint ventures and associated are accounted for in the consolidated financial statements using the equity method.

d) Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

The weighted average method is used for computation of the cost of investments.

4.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to the initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of building and office building for rent is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5, 20 and 30 years. Depreciation of the investment properties is included in determining income.

No depreciation is provided on land and land held for development.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.8 Property, building and equipment / Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	20, 30	years
Building improvements and structures	5, 20	years
Machinery and equipment	5	years
Furniture, fixtures and office equipment	3, 5	years
Motor vehicles	5	years

Depreciation is included in determining income.

No depreciation is provided on land and land improvements.

An item of property, building and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.10 Intangible asset - computer software

Computer software is initially recognised at cost. Following the initial recognition, computer software is carried at cost less any accumulated amortisation and allowance for loss on impairment of assets (if any).

Computer software is amortised on a systematic basis over the economic useful life of 10 years and tested for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method of such computer software are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

4.11 Unamortised costs relating to the issuance of the debentures

Expenses incurred in connection with the debentures issued are capitalised and shown as a deduction from such debentures in the statements of financial position and amortised to interest expenses using the effective interest rate over the term of the debentures.

4.12 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the operations of the Company and its subsidiaries.

4.13 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.14 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements of each entity are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.15 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, building and equipment intangible assets and other assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss and a reversal of allowance for impairment loss are recognised in profit or loss.

4.16 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' s contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.17 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.18 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses they carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ. Significant judgements and estimates are as follows:

Allowance for loss on diminution in costs of property development project for sales and investment properties

The Company and its subsidiaries treat costs of property development project for sales and investment properties as impaired when the management judges that there has been a significant or prolonged decline in their fair value below their costs. The management uses judgment to estimate project impairment based on the appraisal report from an independent appraiser.

Impairment loss of investments

The Company and its subsidiaries treat investments in subsidiaries in the separate financial statements, available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their costs or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Joint arrangements

Management applied judgement to determine the type of joint arrangement, based on consideration of the rights and obligations arising from the arrangement. On this basis, the management determined that has an investment in joint venture agreement that is joint operation (between the subsidiary company and other joint operators) in accordance with TFRS 11.

Property, building and equipment / Depreciation

In determining depreciation of building and equipment, the management of the Company and its subsidiaries is required to make estimates of the useful lives and residual values of the building and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, building and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Classification of long-term loans

In classifying the current portion of long-term loans from banks, the management of the Company and its subsidiaries has used judgement to estimate collateral redemptions and loan settlement in accordance with the terms and conditions stipulated in the loan agreements.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and has set aside provision for liabilities arising as a result of these cases, based on the opinion of its legal department.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with individuals and related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2017	2016	2017	2016	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Rental and service income	-	-	1	3	Contract price
Interest income	-	-	19	29	2.6 - 4.0 percent per annum (2016: 4.0 - 4.5 percent per annum)
Building management fee	-	-	3	3	Contract price
Transactions with related parties					
Interest income	61	1	-	-	12.0 percent per annum (2016: 12.0 percent per annum)
Interest expenses	7	1	-	-	3.7 - 3.8 percent per annum (2016: 3.6 - 3.8 percent per annum)
Purchase of land	-	26	-	26	Contract price
Purchases of construction material	238	202	236	192	Close to the purchase price from third parties

As at 31 December 2017 and 2016, the balances of the accounts between the Company, its subsidiaries and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016

Trade and other payable - related parties (Note 19)

Related parties (Common director)

Duraflor Co., Ltd.	21,802	20,232	21,683	19,909
Diamond Building Products Public Co., Ltd.	17,151	13,509	17,151	13,232
Total	38,953	33,741	38,834	33,141

Short-term loans to subsidiaries and interest receivables

As at 31 December 2017 and 2016, the balances of loans and interest receivables between the Company and its subsidiaries and the movements are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2016	Increase	Decrease	31 December 2017
Supalai Property Management Co., Ltd.	1,500	10,078	(11,578)	-
Supalai Northeast Co., Ltd.	-	169,367	(83,340)	86,027
	1,500	179,445	(94,918)	86,027

Long-term loan to subsidiary company and interest receivable

(Unit: Thousand Baht)

	Separate financial statements	
	2017	2016
Supalai Philippines Incorporate		
Long-term loan to subsidiary company and interest receivable	551,218	596,881
Less Current portion and interest receivable	(551,218)	(192,348)
Long-term loan to subsidiary company, net of current portion	-	404,533

Movements in the long-term loan to subsidiary company and interest receivable account during the year ended 31 December 2017 are summarised below.

(Unit: Thousand Baht)

	Separate financial statements				
	31 December 2016	Increase	Decrease	Unrealised loss on exchange	31 December 2017
Supalai Philippines Incorporate	596,881	17,993	(3,599)	(60,057)	551,218

Long-term loans to related party and interest receivable

Movements in the long-term loans to related party and interest receivable account during the year ended 31 December 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2016	Increase	Translation	31 December 2017
Peet No. 1895 Pty Ltd	390,053	238,013	(6,778)	621,288

The loans carry interest at 12 percent per annum, payable every month-end. The loans principal are to be repaid within June 2024.

Short-term loans from director and interest payable

Movements in the short-term loans from director and interest payable account during the year ended 31 December 2017 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2016	Increase	Decrease	31 December 2017
Director	287,059	16,996	(304,055)	-

Short-term loans from the director are unsecured and carry interest at the rate that a commercial bank lends to the borrower minus 0.5 percent per annum. The loans are repayable on demand.

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	173,833	178,572	153,040	148,792
Post-employment benefits	3,327	3,097	2,566	2,412
Total	177,160	181,669	155,606	151,204

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	144,253	91,166	130,140	84,858
Bank deposits	369,269	477,901	235,419	208,668
Total	513,522	569,067	365,559	293,526

8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
Available-for-sale investments		
Equity securities	55,467	-
Government bonds of a foreign subsidiary	1,238,080	-
Total available-for-sale investments, cost	1,293,547	-
Less: Unrealised loss on changes in value of investments	(33,057)	-
Total current investments, fair value	1,260,490	-

9. Costs of property development projects for sales

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Land	5,987,102	4,148,253	5,987,102	4,121,780
Land and construction under development	36,077,346	38,164,347	34,096,961	36,394,185
Land and construction developed	7,452,155	4,116,426	6,995,828	3,276,138
Total	49,516,603	46,429,026	47,079,891	43,792,103
Less Allowance for loss on diminution in project value	(6,737)	(19,347)	(4,737)	(4,736)
Costs of property development projects for sales, net	49,509,866	46,409,679	47,075,154	43,787,367

During the years, the Company and its subsidiary company included borrowing costs in cost of property development projects for sales. These were determined by applying a capitalisation rates which are the weighted average of the financial charges on total borrowings during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Borrowing costs included in cost of project development for sales (Million Baht)	259	344	252	335
Capitalisation rate (Percent)	2.6 - 4.0	2.6 - 4.5	2.6 - 4.0	2.6 - 4.5

The Company and its subsidiaries have mortgaged the following project land and construction thereon with banks as collateral for overdrafts, loans, bank guarantees and to aval promissory notes.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book values	20,156	25,247	19,457	23,562

10. Restricted bank deposits

The outstanding balances represent bank deposit account of the subsidiary company which have been pledged with bank to secure the credit facility for a joint venture of the subsidiary company.

11. Investments in subsidiaries

11.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid up capital		Shareholding percentage		Cost		Dividend received during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Million Baht)	(Million Baht)	(Percent)	(Percent)				
Supalai Northeast Co., Ltd.	335	335	99	99	331,325	331,325	-	64,247
Phuket Estate Co., Ltd.	307	307	82	82	255,334	255,334	-	-
Haadyai Nakarin Co., Ltd.	192	192	57	56	173,010	164,267	32,470	-
Supalai Property Management Co., Ltd.	25	25	100	100	24,999	24,977	-	-
Supalai Philippines Incorporate	600	600	100	100	432,328	432,328	-	-
	(Million PHP)							
Supalai Singapore Holdings Pte. Ltd.	75	62	100	100	1,927,470	1,601,424	-	-
	(Million SGD)							
Total					3,144,466	2,809,655	32,470	64,247
Less Allowance for impairment loss of investments					(33,000)	(33,000)		
Investments in subsidiaries, net					3,111,466	2,776,655		

On 10 January 2017, the meeting of the Company's Board of Directors passed a resolution approve the following matters.

- Approve the purchase of 115,348 ordinary shares of Haadyai Nakarin Co., Ltd. from an unrelated party, at Baht 75.80 per share, or for a total of Baht 8,743,378. As a result, the Company's shareholding in that company increased from 55.92 percent to 56.52 percent. The Company recorded the difference between the net book value of the investment and the purchasing price at the date of purchase, amounting to Baht 139,224 under the caption of "Surplus on change in shareholding of subsidiaries" in other components of equity.
- Approve the purchase of 2,090 ordinary shares of Supalai Property Management Co., Ltd. from an unrelated party, at Baht 10 per share, or for a total of Baht 20,900. As a result, the Company's shareholding in that company increased from 99.91 percent to 99.99 percent. The Company recorded the difference between the net book value of the investment and the purchasing price at the date of purchase, amounting to Baht 6,856, under the caption of "Surplus on change in shareholding of subsidiaries" in other components of equity.

During the year 2017, the Company has the additional investments in Supalai Singapore Holdings Pte. Ltd. of Baht 326 million to use in investments in joint ventures and joint operation in Australia following the resolution of the meeting of the Company's Board of Directors held on 8 December 2015, 14 June 2016, 13 September 2016 and 11 September 2017.

11.2 Details of investments in subsidiary that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Percent)	(Percent)						
Haadyai Nakarin Company Limited	43	44	670	641	62	95	25	51

11.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

	Haadyai Nakarin Company Limited	
	2017	2016
Current assets	1,187	1,157
Non-current assets	473	499
Current liabilities	115	195
Non-current liabilities	5	5

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December	
	Haadyai Nakarin Company Limited	
	2017	2016
Revenue	712	928
Profit	143	215
Other comprehensive income	(1)	-
Total comprehensive income	142	215

Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December	
	Haadyai Nakarin Company Limited	
	2017	2016
Cash flow from operating activities	191	311
Cash flow used in investing activities	(58)	(6)
Cash flow used in financing activities	(105)	(291)
Net increase in cash and cash equivalents	28	14

12. Investments in joint ventures

12.1 Details of investments in joint ventures:

Investments in joint ventures represent investments in entities which are jointly controlled by the subsidiaries and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Joint ventures	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2017	2016	2017	2016	2017	2016
		(Percent)	(Percent)				
The Satterley Officer Joint Venture	Property development	25	25	119,976	119,976	212,602	143,597
The Rippleside Development Joint Venture	Property development	50	50	218,241	187,668	165,210	155,782
The Satterley Greenvale Joint Venture	Property development	25	25	238,192	238,192	379,042	273,806
Fyansford Development Pty Ltd	Property development	50	50	271,833	259,604	290,490	251,434
Total				848,242	805,440	1,047,344	824,619

During the year 2017, the Company has the additional investments in joint ventures as follows:

- Supalai Rippleside Development Pty Ltd has additional investments in The Rippleside Development Joint Venture of Baht 31 million following the resolution of the meeting of the Company's Board of Directors held on 8 December 2015.

- b) Supalai Singapore Holdings Pte. Ltd. has additional investment in Fyansford Development Pty Ltd of Baht 12 million following the resolution of the meeting of the Company's Board of Directors held on 11 July 2017.

12.2 Share of comprehensive income

During the years, the Company recognised its share of comprehensive income from investments in joint ventures in the consolidated financial statements as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Share of profit (loss) from investments in joint ventures during the year		Share of other comprehensive income from investments in joint ventures during the year		Dividend received of subsidiaries during the year	
	2017	2016	2017	2016	2017	2016
The Satterley Officer Joint Venture	108,182	31,647	(4,055)	(1,861)	35,122	-
The Rippleside Development Joint Venture	(18,777)	(17,101)	(2,368)	(1,668)	-	-
The Satterley Greenvale Joint Venture	133,361	41,277	(7,174)	(2,926)	20,951	-
Fyansford Development Pty Ltd	31,911	(8,263)	(5,084)	93	-	-
Total	254,677	47,560	(18,681)	(6,362)	56,073	-

12.3 Summarised financial information about material joint ventures

Summarised information about financial position

(Unit: Million Baht)

	The Satterley Officer Joint Venture		The Rippleside Development Joint Venture		The Satterley Greenvale Development Joint Venture		Fyansford Development Pty Ltd	
	2017	2016	2017	2016	2017	2016	2017	2016
Current assets	1,567	1,703	591	498	2,432	2,521	1,161	613
Non-current assets	19	3	254	-	21	16	3	4
Current liabilities	(736)	(1,132)	(515)	(186)	(937)	(1,442)	(287)	(50)
Other non-current liabilities	-	-	-	-	-	-	(298)	(67)
Net assets	850	574	330	312	1,516	1,095	579	500
Shareholding percentage (%)	25	25	50	50	25	25	50	50
Carrying amounts of joint ventures based on equity method	213	144	165	156	379	274	290	250

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December							
	The Satterley Officer Joint Venture		The Rippleside Development Joint Venture		The Satterley Greenvale Development Joint Venture		Fyansford Development Pty Ltd	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	1,710	866	13	-	1,883	651	97	1
Profit (loss)	433	126	(37)	(34)	533	165	64	(16)
Other comprehensive income	(16)	(7)	(5)	(3)	(29)	(12)	(10)	-
Total comprehensive income	417	119	(42)	(37)	504	153	54	(16)

13. Investments in associated company

13.1 Details of associated company:

(Unit: Thousand Baht)

Company's name	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2017	2016	2017	2016	2017	2016
		(%)	(%)				
Peet No. 1895 Pty Ltd	Property Development	50	50	84	84	66,700	31,805

13.2 Share of comprehensive income.

During the years, the Company has recognised its share of profit from investments in associated company in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of profit from investments in associated company during the years		Share of other comprehensive income from investments in associated company during the years	
	2017	2016	2017	2016
Peet No. 1895 Pty Ltd	36,207	32,083	(1,312)	(362)

13.3 Summarised financial information as presented in the financial statements of associated company

Summarised information about financial position

(Unit: Million Baht)

	Peet No. 1895 Pty Ltd	
	2017	2016
Current assets	35	36
Non-current assets	2,444	2,428
Current liabilities	(1,063)	(1,237)
Non-current liabilities	(1,283)	(1,163)
Net assets	133	64
Shareholding percentage (%)	50	50
Carrying amounts of associate based on equity method	67	32

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December	
	Peet No. 1895 Pty Ltd	
	2017	2016
Revenue	992	632
Profit	73	65
Other comprehensive income	(3)	(1)
Total comprehensive income	70	64

14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Shareholding percentage	2017	2016	Shareholding percentage	2017	2016
	(Percent)			(Percent)		
Investments in unit trusts						
Unit trusts in mutual funds		500	500		500	500
Unrealised loss on changes in value of investments		(99)	(149)		(99)	(149)
Fair value		401	351		401	351
Investments in other companies						
Samakki Cement Co., Ltd.	0.54	2,270	2,270	0.54	2,270	2,270
Southern Hill Co., Ltd.	0.22	1,500	1,500	-	-	-
Total		3,770	3,770		2,270	2,270
Less Allowance for impairment loss of investments						
		(2,500)	(2,500)		(1,000)	(1,000)
Investments in other companies, net		1,270	1,270		1,270	1,270
Other long-term investments, net		1,671	1,621		1,671	1,621

15. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Land held for development	Land, building and office building for rent	Total
31 December 2017			
Cost	7,981	1,621,549	1,629,530
Less Accumulated depreciation	-	(394,028)	(394,028)
Net book value	7,981	1,227,521	1,235,502
31 December 2016			
Cost	7,981	2,470,153	2,478,134
Less Accumulated depreciation	-	(488,156)	(488,156)
Net book value	7,981	1,981,997	1,989,978

(Unit: Thousand Baht)

	Separate financial statements		
	Land held for development	Land, building and office building for rent	Total
31 December 2017			
Cost	7,981	1,156,226	1,164,207
Less Accumulated depreciation	-	(368,147)	(368,147)
Net book value	7,981	788,079	796,060
31 December 2016			
Cost	7,981	1,156,926	1,164,907
Less Accumulated depreciation	-	(336,593)	(336,593)
Net book value	7,981	820,333	828,314

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	1,989,978	2,159,243	828,314	892,681
Acquisition of assets during the year	1,727	8,036	-	684
Disposal of assets during the year, net book value	(607,672)	-	(501)	-
Transfer to property, building and equipment, net book value	-	(33,042)	-	(33,042)
Depreciation charged	(81,500)	(98,942)	(31,753)	(32,009)
Translation adjustment	(67,031)	(45,317)	-	-
Net book value at end of year	1,235,502	1,989,978	796,060	828,314

On 14 March 2017, a subsidiary in the Philippines entered into an agreement to sell a rental office building for PHP 1,620 million. The subsidiary received payment on 7 September 2017 and recorded a gain on disposal of the rental office building of PHP 668 million (Baht 451 million) in the income statement for current year.

The fair value of the investment properties as at 31 December 2017 and 2016 is stated below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Land held for development	18,300	13,500	18,300	13,500
Land, building and office building for rent	2,380,127	3,657,579	1,545,027	1,522,512

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair values of investment properties have been determined based on market prices, and the income approach which is the fair value measurement level 3 based on the fair value hierarchy. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

The Company and its subsidiary have mortgaged the following investment properties as collateral for overdrafts and bank guarantees.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book values	23	24	8	8

16. Property, building and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land and land improvement	Building	Building improvements and structures	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles
Cost:						
31 December 2015	102,071	349,643	179,525	68,642	157,555	86,191
Additions	-	-	1,670	5,863	23,088	3,270
Disposals/written-offs	-	-	(479)	(1,704)	(831)	(14,476)
Transfer from investment properties	7,938	35,203	-	-	-	-
31 December 2016	110,009	384,846	180,716	72,801	179,812	74,985
Accumulated depreciation:						
31 December 2015	-	140,729	134,582	56,198	116,796	60,498
Depreciation for the year	-	14,482	7,047	4,965	18,592	8,098
Depreciation on disposals/written-offs	-	-	(463)	(1,693)	(785)	(13,844)
Transfer from investment properties	-	10,099	-	-	-	-
31 December 2016	-	165,310	141,166	59,470	134,603	54,752
Allowance for impairment loss:						
31 December 2015	8,371	-	-	-	-	-
31 December 2016	8,371	-	-	-	-	-
Net book value:						
31 December 2015	93,700	208,914	44,943	12,444	40,759	25,693
31 December 2016	101,638	219,536	39,550	13,331	45,209	20,233
Depreciation for the year						
2016 (Baht 11 million included in cost of rental and services, and the balance in administrative expenses)						53,184

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land and land improvement	Building	Building improvements and structures	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles
Total						
Cost:						
31 December 2016	110,009	384,846	180,716	72,801	179,812	74,985
Additions	-	-	818	6,480	20,511	5,506
Disposals/written-offs	(1,694)	(3,921)	(688)	(465)	(437)	(7,575)
Translation	-	-	-	(3)	-	-
31 December 2017	108,315	380,925	180,846	78,813	199,886	72,916
Accumulated depreciation:						
31 December 2016	-	165,310	141,166	59,470	134,603	54,752
Depreciation for the year	-	14,730	6,093	5,458	20,259	8,051
Depreciation on disposals/written-offs	-	(2,065)	(205)	(445)	(313)	(7,467)
31 December 2017	-	177,975	147,054	64,483	154,549	55,336
Allowance for impairment loss:						
31 December 2016	8,371	-	-	-	-	-
31 December 2017	8,371	-	-	-	-	-
Net book value:						
31 December 2016	101,638	219,536	39,550	13,331	45,209	20,233
31 December 2017	99,944	202,950	33,792	14,330	45,337	17,580
Depreciation for the year						
2017 (Baht 12 million included in cost of rental and services, and the balance in administrative expenses)						
						54,591

(Unit: Thousand Baht)

	Separate financial statements					
	Land and land improvement	Building	Building improvements and structures	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles
Cost:						
31 December 2015	43,941	169,849	73,968	10,910	120,840	68,452
Additions	-	-	1,574	1,747	21,553	3,040
Disposals/written-offs	-	-	(25)	(23)	(439)	(14,436)
Transfer from investment properties	7,938	35,203	-	-	-	-
31 December 2016	51,879	205,052	75,517	12,634	141,954	57,056
Accumulated depreciation:						
31 December 2015	-	51,561	36,848	7,911	86,006	47,384
Depreciation for the year	-	6,850	5,426	1,230	16,494	6,337
Depreciation on disposals/ write-offs	-	-	(9)	(12)	(393)	(13,804)
Transfer from investment properties	-	10,099	-	-	-	-
31 December 2016	-	68,510	42,265	9,129	102,107	39,917
Allowance for impairment loss:						
31 December 2015	8,371	-	-	-	-	-
31 December 2016	8,371	-	-	-	-	-
Net book value:						
31 December 2015	35,570	118,288	37,120	2,999	34,834	21,068
31 December 2016	43,508	136,542	33,252	3,505	39,847	17,139
Depreciation for the year						
2016 (Baht 1 million included in cost of rental and services, and the balance in administrative expenses)						
						36,337

(Unit: Thousand Baht)

	Separate financial statements					
	Land and land improvement	Building	Building improvements and structures	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles
Cost:						
31 December 2016	51,879	205,052	75,517	12,634	141,954	57,056
Additions	-	-	117	1,544	18,839	4,782
Disposals/written-offs	-	-	(50)	(446)	(437)	(7,993)
31 December 2017	51,879	205,052	75,584	13,732	160,356	54,778
Accumulated depreciation:						
31 December 2016	-	68,510	42,265	9,129	102,107	39,917
Depreciation for the year	-	7,143	4,642	1,353	18,168	6,485
Depreciation on disposals/ write-offs	-	-	(50)	(444)	(313)	(6,952)
31 December 2017	-	75,653	46,857	10,038	119,962	39,450
Allowance for impairment loss:						
31 December 2016	8,371	-	-	-	-	-
31 December 2017	8,371	-	-	-	-	-
Net book value:						
31 December 2016	43,508	136,542	33,252	3,505	39,847	17,139
31 December 2017	43,508	129,399	28,727	3,694	40,394	15,328
Depreciation for the year						
2017 (Baht 2 million included in cost of rental and services, and the balance in administrative expenses)						
						37,791

As at 31 December 2017 and 2016, certain items of building and equipment items of the Company and its subsidiaries were fully depreciated but are still in use, which are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss	348	345	141	123

The Company and its subsidiaries have mortgaged the following property and building with banks as security for overdrafts.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book values	2	4	1	2

17. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Computer software - cost	77,795	74,489	76,961	73,655
Less Accumulated amortisation	(19,951)	(13,143)	(19,150)	(12,400)
Net book value	57,844	61,346	57,811	61,255

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	61,346	28,829	61,255	28,655
Acquisition of computer software	3,306	37,215	3,306	37,215
Amortisation	(6,808)	(4,698)	(6,750)	(4,615)
Net book value at end of year	57,844	61,346	57,811	61,255

18. Bills of exchange payable

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements
Balance as at 1 January 2017	1,977,069
Add: Issuance of bills of exchange	3,900,000
Less: Repayment	(2,900,000)
Add: Amortisation of prepaid interest expenses	48,710
Less: Prepaid interest expenses	(48,922)
Balance as at 31 December 2017	2,976,857

Short-term bills of exchange are subject to interest at rates ranging from 1.70 to 1.82 per annum and there are no collateral on those loans. The bills of exchange will mature as from January 2018 to September 2018.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables				
Related parties (Note 6)	38,953	33,741	38,834	33,141
Unrelated parties	1,423,453	1,716,452	1,394,826	1,670,546
Accrued expenses	371,930	366,946	325,332	324,210
Total trade and other payables	1,834,336	2,117,139	1,758,992	2,027,897

20. Long-term loans from banks

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Long-term loans from banks	2,588,998	3,831,792	2,460,000	3,569,171
Less Current portion	(2,460,000)	(2,090,206)	(2,460,000)	(2,029,101)
Long-term loans from banks, net	128,998	1,741,586	-	1,540,070

Movements in the long-term loan account during the years ended 31 December 2017 and 2016 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance at beginning of year	3,831,792	4,392,679	3,569,171	3,830,700
<u>Add</u> Additional borrowings	24,978,311	31,204,696	24,886,241	30,488,047
<u>Less</u> Repayment	(26,239,490)	(31,765,583)	(25,995,412)	(30,749,576)
Translation	18,385	-	-	-
Balance at end of year	2,588,998	3,831,792	2,460,000	3,569,171

These loans carry interest based on MLR, MMR or BIBOR. Repayment is to be made each time a plot of land or a condominium unit is redeemed from mortgage at 70 percent of the selling price, and not less than the amount stipulated by the banks.

The loans of the Company and its subsidiaries were secured by the mortgage of project land of the Company and its subsidiaries, including most present and future structures thereon.

The loan agreements contain covenants as specific in the agreements and restrictions on the Company and its subsidiaries imposed by the lenders, related to such matters as dividend payment and the maintenance of a certain debt to equity ratio.

The long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Long-term credit facilities which have not yet been drawn down	25,349	24,761	24,805	24,405

21. Debentures

(Unit: Thousand Baht)

Debenture	Term	Date of issue	Maturity date	Par value per unit (Baht)	Interest rate (Percent per annum)	Interest payment condition	Consolidated financial statements / Separate financial statements					
							31 December 2017			31 December 2016		
							Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
1/2013	5 years	3 May 2013	3 May 2018	1,000	4.12	Interest is repayable in semi-annual installments, starting from November 2013 to May 2018.	500,000	-	500,000	-	500,000	500,000
1/2014	3 years	28 February 2014	28 February 2017	1,000	3.95	Interest is repayable in semi-annual installments, starting from August 2014 to February 2017.	-	-	-	2,300,000	-	2,300,000
2/2014	3 years 19 days	20 May 2014	8 June 2017	1,000	3.65	Interest is repayable in quarterly installments, starting from August 2014 to June 2017.	-	-	-	500,000	-	500,000
4/2014	3 years 6 months	28 August 2014	28 February 2018	1,000	3.87	Interest is repayable in quarterly installments, starting from November 2014 to February 2018.	2,200,000	-	2,200,000	-	2,200,000	2,200,000
5/2014	3 years	25 September 2014	25 September 2017	1,000	3.60	Interest is repayable in semi-annual installments, starting from March 2015 to September 2017.	-	-	-	200,000	-	200,000
6/2014	4 years	2 December 2014	2 December 2018	1,000	3.60	Interest is repayable in semi-annual installments, starting from June 2015 to December 2018.	1,000,000	-	1,000,000	-	1,000,000	1,000,000
7/2014	3 years	4 December 2014	4 December 2017	1,000	3.25	Interest is repayable in semi-annual installments, starting from June 2015 to December 2017.	-	-	-	1,000,000	-	1,000,000

(Unit: Thousand Baht)

Debtenture	Term	Date of issue	Maturity date	Par value per unit (Baht)	Interest rate (Percent per annum)	Interest payment condition	Consolidated financial statements / Separate financial statements					
							31 December 2017			31 December 2016		
							Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
1/2015	2 years 11 days	16 February 2015	27 February 2017	1,000	2.75	Interest is repayable in semi-annual installments, starting from August 2015 to February 2017.	-	-	-	400,000	-	400,000
2/2015	3 years	13 May 2015	13 May 2018	1,000	2.62	Interest is repayable in semi-annual installments, starting from November 2015 to May 2018.	1,000,000	-	1,000,000	-	1,000,000	1,000,000
3/2015	5 years	4 September 2015	4 September 2020	1,000	3.10	Interest is repayable in semi-annual installments, starting from March 2016 to September 2020.	-	1,500,000	1,500,000	-	1,500,000	1,500,000
4/2015	3 years 11 months 23 days	28 December 2015	20 December 2019	1,000	2.72	Interest is repayable in semi-annual installments, starting from June 2016 to December 2019	-	2,500,000	2,500,000	-	2,500,000	2,500,000
1/2016	3 years	29 January 2016	29 January 2019	1,000	2.25	Interest is repayable in semi-annual installments, starting from July 2016 to January 2019	-	1,000,000	1,000,000	-	1,000,000	1,000,000
2/2016	3 years	7 September 2016	7 September 2019	1,000	2.24	Interest is repayable in semi-annual installments, starting from March 2017 to September 2019	-	1,000,000	1,000,000	-	1,000,000	1,000,000
1/2017	3 years	17 February 2017	17 February 2020	1,000	2.60	Interest is repayable in semi-annual installments, starting from August 2017 to February 2020	-	2,700,000	2,700,000	-	-	-
2/2017	3 years	4 May 2017	4 May 2020	1,000	2.59	Interest is repayable in semi-annual installments, starting from November 2017 to May 2020	-	1,000,000	1,000,000	-	-	-
Total							4,700,000	9,700,000	14,400,000	4,400,000	10,700,000	15,100,000
Less Unamortised costs relating to the issuance of the debentures							(657)	(7,702)	(8,359)	(1,039)	(8,567)	(9,606)
Net balance							4,699,343	9,692,298	14,391,641	4,398,961	10,691,433	15,090,394

The debentures agreement contain covenants as specific in the agreements and restrictions on the Company, related to such matters as dividend payment and the maintenance of a certain debt to equity ratio.

22. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	101,094	90,306	87,895	78,741
Included in profit and loss:				
Current service cost	9,009	8,571	7,543	7,223
Interest cost	2,370	2,217	2,058	1,931
Past service cost	(465)	-	-	-
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	14,016	-	13,898	-
Financial assumptions changes	121	-	-	-
Experience adjustments	13,160	-	13,881	-
Provision for long-term employee benefits at end of year	139,305	101,094	125,275	87,895

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost of sales and cost of rental and services	3,750	3,515	3,011	2,831
Selling and administrative expenses	7,164	7,273	6,590	6,324
Total expenses recognised in profit or loss	10,914	10,788	9,601	9,155

The Company and its subsidiaries expect to pay Baht 33 million of long-term employee benefits during the next year (Separate financial statements: Baht 32 million) (2016: Baht 5 million, separate financial statements: Baht 4 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 10 years (Separate financial statements: 10 years) (2016: 9 years, separate financial statements: 9 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2017 (Percent per annum)	2016 (Percent per annum)	2017 (Percent per annum)	2016 (Percent per annum)
Discount rate	3	3	3	3
Salary increase rate	5 - 7	5 - 7	7	7
Turnover rate (depending on age of employee)	0 - 40	0 - 40	0 - 30	0 - 40

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Million Baht)

	31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5 percent	Decrease 0.5 percent	Increase 0.5 percent	Decrease 0.5 percent
Discount rate	(7)	8	(6)	7
Salary increase rate	7	(7)	7	(6)

(Unit: Million Baht)

	31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5 percent	Decrease 0.5 percent	Increase 0.5 percent	Decrease 0.5 percent
Discount rate	(5)	5	(4)	4
Salary increase rate	5	(5)	5	(4)

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

24. Expenses by nature

Significant expenses classified by nature are as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Purchase of land and payment of construction during the year	18,324	18,227	17,793	17,228
Changes in cost of property development project for sales	(3,100)	(4,032)	(3,288)	(3,856)
Salaries and other benefits	602	628	492	509
Depreciation and amortisation	143	157	76	73
Advertising and promotion expenses	711	580	693	552
Transfer fee and specific business tax	990	836	955	788

25. Share capital

On 12 September 2017, the Extraordinary General Meeting of Shareholders No. 1/2017 passed resolutions to approve the following significant matters.

- Approved the reduction of the Company's registered capital by Baht 53,446,751 from Baht 1,770,000,000 (1,770,000,000 ordinary shares with a par value of Baht 1 each) to the new registered capital of Baht 1,716,553,249 (1,716,553,249 ordinary shares with a par value of Baht 1 each) by cancelling 53,446,751 authorised but unissued ordinary shares with the par value of Baht 1 per share. The Company registered the decrease in share capital with the Ministry of Commerce on 26 September 2017.
- Approved the increase of the Company's registered capital by Baht 429,138,312 from Baht 1,716,553,249 (1,716,553,249 ordinary shares with a par value of Baht 1 each) to the new registered capital of Baht 2,145,691,561 (2,145,691,561 ordinary shares with a par value of Baht 1 each) by issuing 429,138,312 newly issued ordinary shares at the par value of Baht 1 per share to accommodate the exercise of Warrant No.4 (SPALI-W4). The Company registered the increase in share capital with the Ministry of Commerce on 27 September 2017.

- c) Approved the issuance and allocation of the Company's warrants No.4 (SPALI-W4) in a total amount not exceeding 429,138,312 units to existing shareholders at the ratio of 4 existing ordinary shares to 1 unit of warrant at no cost. Subsequently, on 20 October 2017, the Company issued the 429,135,954 units of SPALI-W4 to the existing shareholders of the Company. The warrants have an exercise period of 1 year from the date of issue, and are exercisable every three months from the first exercise date. The first and the last exercise dates are 19 January 2018 and 19 October 2018, respectively. The exercise ratio is 1 warrant per 1 ordinary share (with the par value of Baht 1 per share) and the exercise price is Baht 4 per share.

On 19 January 2018, 141,032,584 warrants were exercised to purchase 141,032,584 new ordinary shares, and the Company has already registered the change in its paid-up capital from 1,716,553,249 Baht to 1,857,585,833 Baht with the Ministry of Commerce on 23 January 2018.

26. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	1,410,281	1,155,701	1,223,362	1,095,879
Adjustment in respect of income tax of previous year	(1)	(1,492)	31	(1,492)
Deferred tax:				
Relating to origination and reversal of temporary differences	78,228	123,032	54,912	87,941
Income tax expense reported in the income statement	1,488,508	1,277,241	1,278,305	1,182,328

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Actuarial losses	(5,459)	-	(5,556)	-
Deferred tax on gain (loss) from the change in value of available-for-sale investments	(103)	9	10	9
Tax expenses (income) reported in the other comprehensive income	(5,562)	9	(5,546)	9

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	7,366,304	6,262,283	6,308,858	5,929,264
Applicable tax rate	17%, 20%, 30%	17%, 20%, 30%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,516,156	1,238,263	1,261,772	1,185,853
Effects of reversal of temporary differences recognised in the past	-	18,200	-	-
Adjustment in respect of income tax of previous year	(1)	(1,492)	31	(1,492)
Effects of:				
Additional taxable income	23,643	7,811	23,643	7,811
Tax-exempt income	(140)	-	(6,495)	(12,849)
Additional deductible expenses	(1,451)	(264)	(1,449)	(206)
Non-deductible expenses	1,608	1,885	1,535	1,761
Tax losses (gains) for the year of subsidiary company which deferred tax not been recognised	(52,900)	8,990	-	-
Others	1,593	3,848	(732)	1,450
Total	(27,647)	22,270	16,502	(2,033)
Income tax expenses reported in the income statement	1,488,508	1,277,241	1,278,305	1,182,328

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets (liabilities)				
Allowance for double debt - account receivables	112	-	-	-
Allowance for loss on diminution in project value	1,347	3,869	947	947
Allowance for impairment loss of investments in subsidiary	-	-	6,600	6,600
Allowance for impairment of other long-term investments	500	500	200	200
Deficit on changes in value of available-for-sales investment	133	30	20	30
Unearned revenues	1,942	62,072	1,942	59,343
Provision for liabilities arising from legal cases	6,152	5,800	6,152	5,800
Provision for long-term employee benefits	27,861	20,219	25,055	17,579
Loss brought forward	17,141	11,076	-	-
Effect on elimination of intercompany transactions	3,271	3,271	-	-
Revenue from rental	(1,501)	-	-	-
Prepaid interest expenses	(4,619)	(4,586)	(4,619)	(4,586)
Deferred debenture issuing costs	(1,672)	(1,921)	(1,672)	(1,921)
Foreign income not remitted	(42,134)	(19,131)	-	-
Deferred tax assets - net	8,533	81,199	34,625	83,992
Presented as follows:				
Deferred tax assets	52,168	100,330	34,625	83,992
Deferred tax liabilities	(43,635)	(19,131)	-	-
Total	8,533	81,199	34,625	83,992

As at 31 December 2017, the subsidiary has deductible temporary differences and unused tax losses totaling Baht 16 million (2016: Baht 40 million), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares held by outsiders in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2017	2016	2017	2016	2017	2016
	(Million Baht)	(Million Baht)	(Million shares)	(Million shares)	(Baht)	(Baht)

Basic earnings per share

Profit attributable to equity holders of the parent	5,812,046	4,886,527	1,716,553	1,716,553	3.39	2.85
---	-----------	-----------	-----------	-----------	------	------

Effect of dilutive potential ordinary shares

Warrants offered to existing shareholders	-	-	71,567	-		
---	---	---	--------	---	--	--

Diluted earnings per share

Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	5,812,046	4,886,527	1,788,120	1,716,553	3.25	2.85
---	-----------	-----------	-----------	-----------	------	------

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2017	2016	2017	2016	2017	2016
	(Million Baht)	(Million Baht)	(Million shares)	(Million shares)	(Baht)	(Baht)

Basic earnings per share

Profit attributable to equity holders of the parent	5,030,553	4,746,936	1,716,553	1,716,553	2.93	2.77
---	-----------	-----------	-----------	-----------	------	------

Effect of dilutive potential ordinary shares

Warrants offered to existing shareholders	-	-	71,567	-		
---	---	---	--------	---	--	--

Diluted earnings per share

Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	5,030,553	4,746,936	1,788,120	1,716,553	2.81	2.77
---	-----------	-----------	-----------	-----------	------	------

28. Segment information

Operation segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance.

Transfer prices between business segments are as set out in Note 6 to the financial statements.

The following table present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016, respectively.

(Unit: Million Baht)

	Real estate business		Hotel business and management		Elimination of inter-segment revenue		Consolidation	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues from external customers	24,901	23,211	119	125	-	-	25,020	23,336
Inter-segment revenues	2	1	3	3	(5)	(4)	-	-
Total revenues	24,903	23,212	122	128	(5)	(4)	25,020	23,336
Segment income	6,648	6,337	2	4	4	-	6,654	6,341
Unallocated income and expenses:								
Other income							319	156
Gain on disposal of investment properties							451	-
Share of gain from investments in joint ventures and associate							291	80
Finance cost							(348)	(314)
Income tax expenses							(1,489)	(1,277)
Non-controlling interests of the subsidiaries							(66)	(99)
Profit for the year							5,812	4,887

(Unit: Million Baht)

	Real estate business		Hotel business and management		Elimination of inter-segment		Consolidation	
	2017	2016	2017	2016	2017	2016	2017	2016
Cost of property development project for sales	49,457	46,357	56	56	(3)	(3)	49,510	46,410
Investment properties	1,263	2,019	-	-	(28)	(29)	1,235	1,990
Property, building and equipment	266	279	122	132	26	28	414	439
Other assets	11,171	8,708	68	41	(6,696)	(5,908)	4,543	2,841
Total assets	62,157	57,363	246	229	(6,701)	(5,912)	55,702	51,680

Geographical information

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

	2017	2016
Revenue from external customers		
Thailand	24,792	23,252
Australia	173	-
Philippines	55	84
Total	25,020	23,336
Non - Current assets (Other than deferred tax assets)		
Thailand	1,572	1,517
Australia	1,922	1,572
Philippines	-	701
Total	3,494	3,790

Major customers

For the years 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

29. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at rates of 3 - 10 percent (2016: 3 - 10 percent) of basic salary. The fund, which is managed by Kasikorn Asset Management, will be paid to employees upon termination in accordance with the fund rules. The contributed for the year 2017 amounting to approximately Baht 22 million (Separate financial statements: Baht 21 million) (2016: Baht 19 million, separate financial statements: Baht 18 million) were recognised as expenses.

30. Dividends

Dividends	Approved by	Dated	Total dividends	Dividend per share
			(Thousand Baht)	(Baht)
Final dividends for 2016	Annual General Meeting of the shareholders	21 April 2017	944,100	0.55
Total for 2017			944,100	0.55
Final dividends for 2015	Annual General Meeting of the shareholders	22 April 2016	858,133	0.50
Interim dividends for 2016	Board of Directors' meeting	9 August 2016	858,202	0.50
Total for 2016			1,716,335	1.00

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 December 2017 and 2016, the Company and its subsidiaries had outstanding commitments as followings:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Project construction contracts	5,489	7,223	5,380	7,093
Land purchase contracts	2,477	1,657	2,477	1,657

31.2 Guarantees

As at 31 December 2017 and 2016, there were the following outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Guarantee utility usage	970	1,139	878	1,056
Guarantee trade creditors	22	22	22	22
Guarantee loan agreement	13	26	13	26
	1,005	1,187	913	1,104

31.3 Litigation

- a) On 1 August 2017, the Thonburi Civil Court read the judgment of the Supreme Court which ordered the Company and joint defendant in this case demolish the wall blocking a disputed route and register servitude on the disputed area and, in the event that the Company and joint defendant are unable to register servitude and demolish the wall blocking the disputed route, ordered the Company pay compensation of Baht 14 million plus interest, or a total of Baht 31 million. The Company had previously recorded provision of Baht 29 million for liabilities arising from legal case and so it has set aside addition provision of Baht 2 million in the profit or loss in the current year.
- b) As at 31 December 2017, the Company has been sued for a total of approximately Baht 88 million in various cases, in respect of breach of contract, cancellation of contract, refund claims and damage claims. The cases are currently being heard by the Appeal and Supreme Courts. However, in the opinion of Company's lawyers and management believe that the Company will not incur any losses as a result of litigation.

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise the following:

<u>Financial assets</u>	<u>Financial liabilities</u>
- Cash and cash equivalents	- Bills of exchange payable
- Current investments	- Trade and other payables
- Trade and other receivables	- Short-term loan from other party
- Short-term loans to subsidiary	- Short-term loans from director
- Long-term loan to subsidiary	- Long-term loans from banks
- Long-term loans to related party	- Debentures

The financial risks associated with these financial instruments and how they are managed is described below

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables, short-term loans to subsidiary and long-term loans to subsidiary company and related party. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since

they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, short-term loans to subsidiary and long-term loans to subsidiary company and related party as stated in the statement of financial position.

Interest rate risk

The exposure of the Company and its subsidiaries to interest rate risk relates primarily to its cash at banks, current investments, bills of exchange payable, short-term loans, debentures and long-term borrowings. Most of the financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities as at 31 December 2017 and 2016 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements						
	31 December 2017						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate per annum
	within 1 year	within 2 - 5 years	Over 5 years				
							(Percent)
Financial assets							
Cash and cash equivalents	-	-	-	256	258	514	0.10 - 0.40
Current investments	1,205	-	-	-	55	1,260	3.63 - 8.00
Trade and other receivables	-	-	-	-	23	23	-
Restricted bank deposits	-	-	-	25	-	25	2.43
Long-term loans to related party	-	-	621	-	-	621	12.00
	1,205	-	621	281	336	2,443	
Financial liabilities							
Bills of exchange payable	2,977	-	-	-	-	2,977	Note 18
Trade and other payables	-	-	-	-	1,834	1,834	-
Short-term loan from other party	-	-	-	13	-	13	2.43
Long-term loan from banks	-	-	-	2,589	-	2,589	Note 20
Debentures	4,700	9,692	-	-	-	14,392	Note 21
	7,677	9,692	-	2,602	1,834	26,505	

(Unit: Million Baht)

	Consolidated financial statements						
	31 December 2016						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate per annum
	within 1 year	within 2 - 5 years	Over 5 years				
							(Percent)

Financial assets

Cash and cash equivalents	-	-	-	346	223	569	0.10 - 1.00
Trade and other receivables	-	-	-	-	19	19	-
Restricted bank deposits	-	-	-	26	-	26	1.88
Long-term loans to related party	-	-	390	-	-	390	12.00
	-	-	390	372	242	1,004	

Financial liabilities

Bills of exchange payable	1,977	-	-	-	-	1,977	Note 18
Trade and other payables	-	-	-	-	2,117	2,117	-
Short-term loan from other party	-	-	-	26	-	26	1.88
Short-term loans from director	-	-	-	287	-	287	Note 6
Long-term loan from banks	-	-	-	3,832	-	3,832	Note 20
Debentures	4,399	10,691	-	-	-	15,090	21
	6,376	10,691	-	4,145	2,117	23,329	

(Unit: Million Baht)

	Separate financial statements					
	31 December 2017					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate per annum
	within 1 year	within 2 - 5 years				
						(Percent)

Financial assets

Cash and cash equivalents	-	-	182	184	366	0.37 - 0.40
Trade and other receivables	-	-	-	2	2	-
Short-term loans to subsidiary	-	-	86	-	86	2.55 - 3.75
Long-term loan to subsidiary	-	-	551	-	551	2.55 - 4.01
	-	-	819	186	1,005	

(Unit: Million Baht)

	Separate financial statements					
	31 December 2017					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate per annum
	within 1 year	within 2 - 5 years				

Financial liabilities

Bills of exchange payable	2,977	-	-	-	2,977	Note 18
Trade and other payables	-	-	-	1,759	1,759	-
Long-term loans from banks	-	-	2,460	-	2,460	Note 20
Debentures	4,700	9,692	-	-	14,392	Note 21
	7,677	9,692	2,460	1,759	21,588	

(Unit: Million Baht)

	Separate financial statements					
	31 December 2016					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate per annum
	within 1 year	within 2 - 5 years				
						(Percent)

Financial assets

Cash and cash equivalents	-	-	98	196	294	0.10 - 1.00
Trade and other receivables	-	-	-	2	2	-
Short-term loans to subsidiary	-	-	2	-	2	4.00 - 4.01
Long-term loan to subsidiary	-	-	597	-	597	4.00 - 4.01
	-	-	697	198	895	

Financial liabilities

Bills of exchange payable	1,977	-	-	-	1,977	Note 18
Trade and other payables	-	-	-	2,028	2,028	-
Long-term loans from banks	-	-	3,569	-	3,569	Note 20
Debentures	4,399	10,691	-	-	15,090	Note 21
	6,376	10,691	3,569	2,028	22,664	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from borrowing that are denominated in foreign currencies.

As at 31 December 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Average exchange rate	
	2017	2016	2017	2016
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippine Peso	860	838	0.6556	0.7248

32.2 Fair values of financial instruments

Since the majority of the financial instruments of the Company and its subsidiaries are short-term in nature or carrying interest at rates close to the market interest rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position, except for the following.

(Unit: Million Baht)

	Consolidated/separate financial statements			
	As at 31 December 2017		As at 31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Debentures	14,400	14,585	15,100	15,277

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial statements are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash at banks, trade and other accounts receivable, short-term loans to subsidiaries, trade and other accounts payable, bills of exchange payable, their carrying amounts in the statement of financial position approximate their fair value.
- For long-term loans to subsidiary company and related party, carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- For long-term loans from banks carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.

- d) For fixed rate debentures, the fair value is determined by using the yield curve as announced by the Thai Bond Market Association which is the fair value measurement level 2 based on the fair value hierarchy.

During the current year, there was no transfer within the fair value hierarchy.

33. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and preserves the ability to continue their businesses and maximise shareholder value.

As at 31 December 2017 and 2016, the Group's debt-to-equity ratio, was summarised below.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Debt-to-equity ratio	0.96:1	1.19:1	1.02:1	1.23:1

34. Approval of financial statements

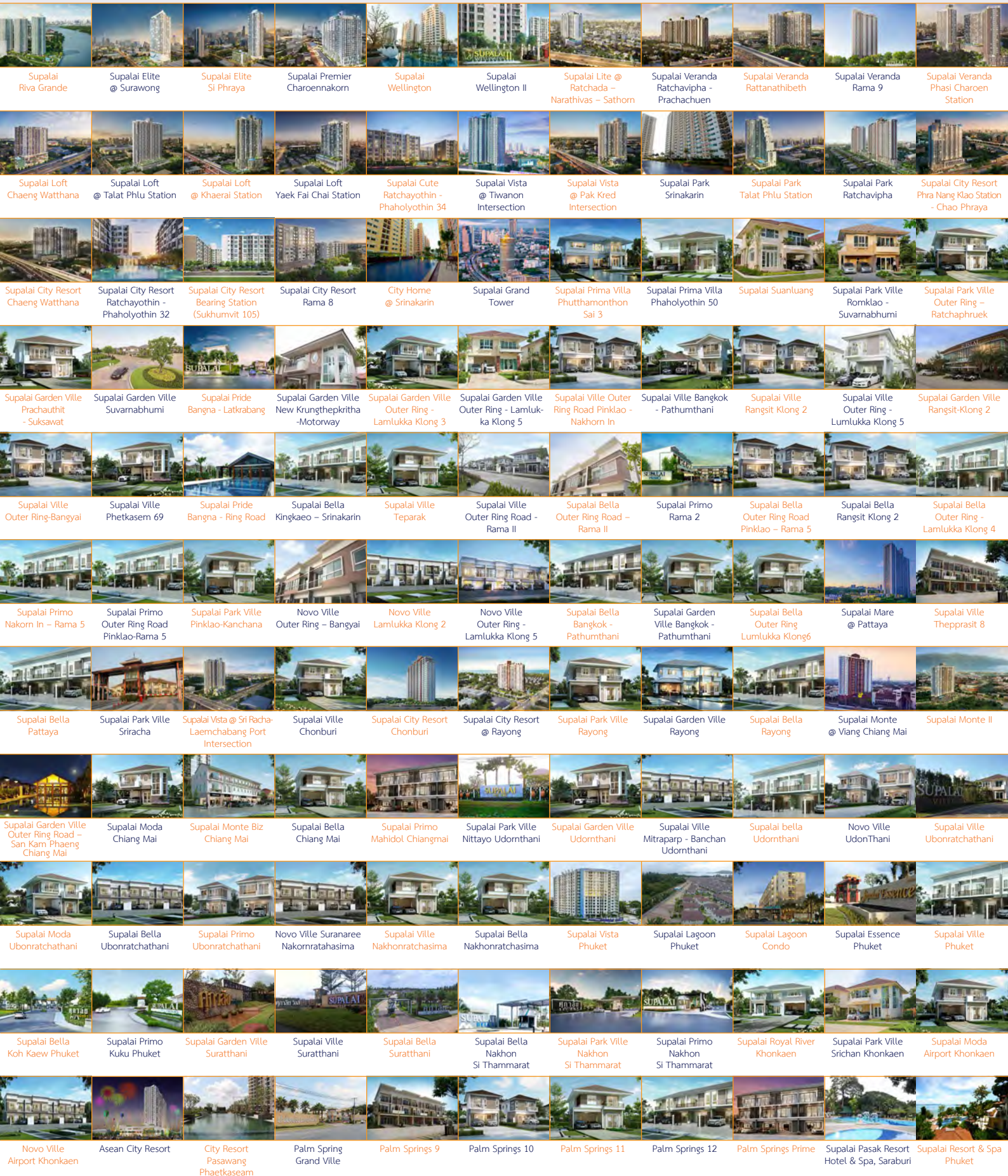
These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2018.



Supalai Quality Projects



Supalai Oriental Sukhumvit 39





บริษัท สุภาลัย จำกัด (มหาชน)

ทะเบียนเลขที่ 0107535000303
1011 อาคารสุภาลัย แกรนด์ ทาวเวอร์ ถนนราม 3
แขวงช่องนนทรี เขตยานนาวา กรุงเทพมหานคร 10120
โทร. (02) 725-8888 แฟกซ์ (02) 683-3888

Supalai Public Company Limited

Registration NO. 0107535000303
1011 Supalai Grand Tower Building, Rama III Road,
Chong Nonsee, Yannawa, Bangkok 10120 Thailand
Phone : (622) 725-8888 Fax : (662) 683-3888



@supalai



Supalai Society



supalai.com



SUPALAI



1720