

Pricing policy for related business

It is in compliance with normal trade condition which is the market price and the same price as dealt with other persons.

Description	Remuneration Policy
Acquisition of the trademark	Cost of trademark registration plus interest cost incurred by the buyer since the acquisition year
Immovable property rental income/ expense	Depending on the market price by consideration on the location, condition and benefits generated by the use of property.
Royalty income	At percentage of net factory sales
Consultancy income / expense	Depending on complexity level of such service provided
Inventory management fee	Number of item pick-up, registering record and number of boxes in transporting goods and goods return
Transportation charge	Depending on the volume or number and distance of Goods transported, compared with other transportation companies' charge
Interior design & installation expense	Depending on the design, area, size, construction materials and interior design technique, through bidding process.
Advertising expense	Depending on market price and the service charge must not be higher than the rate set by advertising business.
Display equipment	} Depending on market price
Computer expense	
Packaging, purchase of computers	
and give-away items	

Related transactions in 2016

1. According to the Board of Directors' Meeting # 9/2558 held on January 26, 2016 to which 4 members of the Audit Committee attended, a resolution was passed to provide a joint guarantee for Mobile Logistics Co., Ltd. in terms of credit facilities with Bangkok Bank Plc. at the total amount of 280 million Baht in the proportion to the investment 5.00% which the total sum was 14,000,000.- Baht. (Surapol Foods Group 75% = 210 million Baht, while Saha Group 25% = 70 million Baht)

Purpose of transaction :

1. To provide business support to the JV company
2. To comply with obligation of the joint venture agreement

To this agenda, Director with conflict of interest who neither attended nor voted at the meeting : None

2. According to the Board of Directors' Meeting # 10/2558 held on February 23, 2016 to which 4 members of the Audit Committee attended, a resolution was passed to allow the company to provide an extension of one-year guarantee facilities for Tsuruha (Thailand) Co., Ltd. in terms of credit facilities with Sumitomo Mitsui Banking Corp., Bangkok Branch in the proportion of investment starting from March 1, 2016 - February 28, 2017. The credit limit provided by the bank totaled 101,000,000.- Baht. This joint guarantee proportionate to Thai party investment provided by ICC was 36.61% amounting to a loan guarantee set at 30,910,000.- Baht.

Purpose of transaction :

1. To provide business support to the JV company
2. To comply with obligation of the joint venture agreement

To this agenda, Mr. Boonsithi Chokwatana and Mr. Thamarat Chokwatana, Directors with conflict of interest or being related parties, neither attended nor voted at the meeting.

3. According to the Board of Directors' Meeting # 11/2558 held on March 15, 2016 to which 3 members of the Audit Committee attended, a resolution was passed to allow the company to lease immovable properties for no more than 3 years, as well as executing transactions relating to the assets and services of related parties. For details of the said parties and their relationship to the Company, please refer to Transactions of business-related companies on pages 127-129 of this Annual Report

Such leasing of property and transactions relating to the assets and services had a total value of less than 478 million Baht or less than 3% of NTA as at December 31, 2015.

1. Rental income (immovable property), with one-year lease, the actual amount in 2016	=	35,269,201	Baht
2. Royalty income with three-year agreement period starting from 2016 to 2019, the actual amount in 2016	=	13,058,181	Baht
3. Royalty payment with five-year agreement period starting from 2012 to 2017, the actual amount in 2016	=	23,483,709	Baht
4. Actual expenses in 2016	Total	=	169,985,783 Baht
- Interior design and fixtures			
- Business and legal consultancy fees			
- Shop expenses			
- Construction and repairs to old building			

To this agenda, Mr. Boonsithi Chokwatana, Mr. Boonkiet Chokwatana, Mr. Thamarat Chokwatana, Mr. Manu Leelanuwatana and Mr. Vira Ua-Arak who were directors who stood to gain and lose, not being entitled to vote, had neither attended the meeting nor given any approval to the transaction.

4. According to the Board of Directors' Meeting # 11/2558 held on March 15, 2016 to which 3 members of the Audit Committee attended, a resolution was passed to provide a joint guarantee for Transcosmos (Thailand) Co., Ltd. with Trancosmos Inc. (Japan) at the total amount of 100 million Baht in the proportion to the investment 9.00% which the total sum was 9,000,000.- Baht. (Transcosmos Group 70% = 70 million Baht, while Saha Group 30% = 30 million Baht)

Purpose of transaction :

1. To provide business support to the JV company
2. To comply with obligation of the joint venture agreement

To this agenda, Mr. Thamarat Chokwatana, Director with conflict of interest or being related parties, neither attended nor voted at the meeting.

5. According to the Board of Directors' Meeting # 5/2559 held on September 9, 2016 to which 4 members of the Audit Committee attended, a resolution was passed to allow the company to approve an extension of six-months guarantee for Tokyu Corporation (Japan) in terms of credit facilities with Bank of Ayudhya Plc. at the total amount of 700 million Baht in the proportion of investment starting from October 1, 2016 - March 31, 2017. This joint guarantee provided by ICC was 12.00% amounting to the loan guarantee set at 84,000,000.- Baht.

Purpose of transaction :

1. To provide business support to the JV company
2. To comply with obligation of the joint venture agreement

To this agenda, Mr. Boonsithi Chokwatana Directors with conflict of interest or being related parties, neither attended nor voted at the meeting.

6. According to the Board of Directors' Meeting # 7/2559 held on November 11, 2016 to which 4 members of the Audit Committee attended, a resolution was passed to allow the company to approve the construction of 2 one-storey steel structural buildings behind the corporate parking lot, an area of 3,638 square metres. To develop the vacant space on a budget of approximately 24,000,000.- Baht. (according to the market price based on bidding process and comparing price with other contractors) K. Commercial and Construction Company Limited being appointed contractor for the construction, which is noted that the hiring related transactions amount 21,200,000.- Baht and Vithayathorn Company Limited for the installation of electrical system amount 2,800,000.- Baht.

To this agenda, Mr. Boonsithi Chokwatana and Mr. Boonkiet Chokwatana, Directors with conflict of interest or being related parties, neither attended nor voted at the meeting.

7. According to the Board of Directors' Meeting # 8/2559 held on December 9, 2016 to which 4 members of the Audit Committee attended, a resolution was passed to purchase shares of Sahacogen Plc. from Champ Ace Co., Ltd. through the Stock Exchange of Thailand (Big Lot Transaction) at the total amount of 7,500,000 shares, totaling not more than 37,000,000 Baht, at the average price of 4.88 Baht per share (the closing market price on November 25, 2016)

- Proportion of shares owning before the purchase: 100,432,960 shares = 10.52 % of registered capital
- Proportion of shares owning after the purchase: 107,932,960 shares = 11.30 % of registered capital

Purpose of transaction :

1. To increase the proportion of investment, as this company has been well established with good performance.
2. To gain dividend.

To this agenda, Mr. Boonkiet Chokwatana and Mr. Thamarat Chokwatana, Directors with conflict of interest or being related parties, neither attended nor voted at the meeting.

Criteria for Approval of Related Transaction

1. All related transactions (loan, guarantee, investment, rental or leasing of immovable properties not exceeding 3 years and transactions involving assets or services) must be approved by the following three boards and committee:

1. The Audit Committee
2. The Executive Board, and
3. The Board of Directors

In every instance, the Audit Committee shall audit, scrutinize and make a summary of any conflict of interest in each transaction for submission to the Executive Board and the Board of Directors for the judgment in terms of business risk. In the Board of Directors' Meeting, directors who stood to gain or lose are not entitled to vote, and thus had neither participated in the meeting, nor given any approval to the transaction.

2. The Board of Directors has approved in principle to allow the management to manage all normal business transactions or the transactions that should support normal business terms and conditions under a trade agreement generally made between normal counterparties having no undue bargaining power influenced by being in the capacity of director, executive or related persons.

Approval in principle shall be conducted annually and the report on related transactions arising during the year shall be presented to the Audit Committee and the Board of Directors to ensure such related transactions are of sound reason and in the best interest of the Company, together with disclosure of relevant details, types and value of related transactions in the remarks of financial statement on quarterly basis.

Criteria for Approval

1. Potential benefits to the company and/or affiliated companies in terms of interest, dividend, trade activity and transaction, including ongoing trade.
2. Security that the company should hold or receive from the said transaction.
3. The borrower's strength, as well as the ability to pay back the capital and interest in due time.
4. Business prospective of the borrowing, guaranteeing and investing company.
5. The capability of the CEO of the borrowing, guaranteeing and investing company.
6. Criteria in monitoring and checking transaction as well as access to statistical reports in the borrowing, guaranteeing and investing company to perceive its status.

The necessity and rationale for entering into transactions with parties with possible conflict of interests

To sustain the company's operations under the prevailing severe competitive situation, the company needed to secure the support of business partners and business alliance network from upstream to downstream industries, further contributing to its competitiveness and business potentials, and leading to its further development and sustainable growth in the future.

While its business partners and business alliance members might be parties with possible conflict of interests, nevertheless, the Board of Directors might find it reasonable and necessary to enter into agreement or transaction with said parties, bearing in mind the best interests of the shareholders and the company. In such case, the transaction price would be based on normal business terms, without harboring any intention to engage in unjust transfer of company asset or interest to such parties with possible conflict of interests.

Furthermore, the Company has the measure to control the related transaction and limit financial assistance for non-subsiary companies by requiring that giving loan or guarantee shall be done according to the share-owning proportion in compliance with the joint-venture agreement.

The Company is committed to further improving on its effective standard in assessing the value of related transactions, as well as monitoring, evaluating and reporting on the related transaction with more clarity, thoroughness, accuracy and speed.

Future Trend in Related Transactions

The Board of Directors duly recognized their responsibilities as the directors of a public company in carrying out their duties toward the shareholders, employees, and all stakeholders, in accordance with good corporate governance practices. The prospect of related transactions being undertaken as a normal feature in regular trade, based on the trading principle of price mechanisms in the market, is very likely, provided said transactions are fair and do not serve to transfer the interests relating to price mechanisms between the Company and business or other relevant persons, and disclosure of all relevant information is duly carried out in accordance with the Notification of the Capital Market Supervisory Board, regarding “rules on connected transactions”