

Related Transactions

Related transactions in 2018

1. At the Board of Directors' Meeting # 10/2560 held on February 23, 2018 and Meeting # 12/2560 held on April 20, 2018, attended by 4 members of the Audit Committee, resolutions were passed as follows:

- To allow the Company to provide an extension of two-year guarantee facilities for Tsuruha (Thailand) Co., Ltd. with regard to credit limit with Sumitomo Mitsui Banking Corp., Bangkok Branch in the proportion of investment starting from March 1, 2018 and ending February 29, 2020. The credit limit provided by the bank totaled THB 101,000,000.-. This joint guarantee proportionate to Thai party investment provided by ICC was 30.61% amounting to a loan guarantee set at THB 30,910,000.-.

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

- To allow the company to provide an extension of one-year guarantee facilities for Trancosmos (Thailand) Co., Ltd. with regard to credit limit from Trancosmos Inc. (Japan) in the proportion of investment starting from March 16, 2018. The credit limit provided by the bank totaled THB 100,000,000.-. This joint guarantee proportionate to Thai party investment provided by ICC was 9.00% amounting to a loan guarantee set at THB 9,000,000.- .

Subsequently, Trancosmos (Thailand) required additional capital for business expansion and secured additional credit lines extended by Trancosmos Inc. (Japan) in the amount of THB 21 million for a period of 5 years, of which ICC's share of the joint guarantee proportionate to its investment of 9.00% amounted to THB 1,890,000.-

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

2. At the Board of Directors' Meeting # 2/2561 held on June 15, 2018 which was attended by 4 members of the Audit Committee, a resolution was passed to approve an extension of one-years' guarantee facilities, starting from June 22, 2018 to May 31, 2019, for Tokyu Corporation (Japan) to the Bank of Ayudhya Plc. for the Credit Line of Saha Tokyu Corporation Co., Ltd., in the proportion of investment. The credit limit provided by the bank totaled THB 100,000,000.- of which ICC's share of the joint guarantee proportionate to its investment of 12.00% amounted to THB 12,000,000.- .

To this agenda, Directors with conflict of interest or being related parties who neither attended nor voted at the meeting : None

Purpose of transaction in items 1-2:

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

3. At the Board of Directors' Meeting # 10/2560 on February 23, 2018 which was attended by 4 members of the Audit Committee, a resolution was passed to allow the Company to hire Train Time Test Co., Ltd. to provide personnel to sell various products of the Company at sales events. The contract term is 1 year from 1 December 2017 to 31 December 2018 at the management fee of 10% and total cost of employment contracted of approximately THB 8,690,000.-.

Purpose of transaction :

1. To lessen the burden of having to recruit personnel for the Company's sales events
2. To be better able to efficiently manage workforce and costs

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

4. At the Board of Directors' Meeting # 11/2560 held on March 16, 2018 which was attended by 4 members of the Audit Committee, resolutions were passed on the following matters:

- 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 Business-related Companies on pages 126-129 of this Annual Report

Such leasing of property and transactions relating to the assets and services had a total value of less than THB 596 million or less than 3% of NTA as at December 31, 2018.

1. Rental income (immovable property), with one-year lease, the actual amount in 2018	=	31,337,120 Baht
2. Royalty income with three-year agreement period starting from 2016 to 2018, the actual amount in 2018	=	2,655,585 Baht
3. Royalty payment with five-year agreement period starting from 2017 to 2021, the actual amount in 2018	=	13,423,993 Baht
4. Actual expenses in 2018	Total	= 114,051,850 Baht

- Interior design and fixtures
- Business and legal consultancy fees
- Service fee for recruitment of temporary sales personnel
- Training expenses
- Construction and repairs to old building

To this agenda, Mr. Boonkiet Chokwatana, Mr. Thamarat Chokwatana, Mr. Manu Leelanuwatana Mrs. Kobsuk Saengsawad and Miss Munchusa Terapongpipat, the directors with conflict of interest or being related parties, neither attended nor voted at the meeting.

- To allow the company to sell land and building, valued at THB 44,750,000.-, in Lamphun Province to Saha Pathanapibul Plc. Valuation of the land and building was carried out by an independent appraiser (approved by the Thai Valuers Association and the Valuers Association of Thailand).

Purpose of transaction :

1. The company has not made use of these assets which remained unused.
2. To reduce the burden on maintenance of such assets.

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

5. At the Board of Directors' Meeting # 6/2561 held on 12 October 2018, and Meeting # 8/2561 held on December 14, 2018 which was attended by 4 members of the Audit Committee, the following resolutions were passed respectively:

- To allow the sale of its shares in Shop Global (Thailand) Co., Ltd. amounting to a total of 810,000 shares at the selling price of approximately THB 22.222222 per share (the Book value as at 31 December 2017 was approximately THB 22.28 per share, Par @ THB 22.-) for a total amount of THB 18,000,000.- as per the details below:

Company Name	Number of Shares	Selling Price at approximately THB 22.222222 per Share; for a Total Amount of THB
1. OCC PLC	405,000	9,000,000
2. Saha Pathana Inter-Holding PLC	1	22
3. I.D.F. Co., Ltd.	1	22
4. Mr. Sorchote Ambhanwong	404,998	8,999,956
Total	810,000	18,000,000

- Proportion of share-owning before : 2,700,000 shares = 42.86% of registered capital
- Proportion of share-owning after : 1,890,000 shares = 30.00% of registered capital

- To allow the Company to waive its right in new capital shares of Shop Global (Thailand) Co., Ltd. for the amount of 1,365,000 shares at the price of THB 22.- per share, totaling THB 30,030,000.-, and to give this right to Saha Pathana Inter-Holding Plc.

- Proportion of shares before share increase : 1,890,000 shares, equivalent to 30.00% of former registered capital
- Proportion of shares after share increase : 1,890,000 shares, equivalent to 17.42% of new registered capital

Purpose of transaction :

1. To change the share-owning structure of Shop Global (Thailand) Co., Ltd. in accordance with the new Joint Venture Agreement.
2. To extend the opportunity to new joint venture partners with high potential and relevant expertise to join the executive management of this company to further enhance its performance.

To this agenda, Mr. Boonkiet Chokwatana, Mr. Manu Leelanuwatana and Mr. Nophorn Bhongsvej, the directors with conflict of interest or being related parties, neither attended nor voted at the meeting.

6. According to the Board of Directors' Meeting # 7/2561 held on November 16, 2018, which was attended by 4 members of the Audit Committee, approval was given for the construction of a road in the area of the rear entrance of the Company, as well as installation of new infrastructure systems. Since the Company had leased a partial plot of land at the rear of its premises to XET Co., Ltd. to operate a private international school, thereby relinquishing access to its rear entrance/exit and necessitating the building of a new road which the Company and the lessee have each agreed to pay half the construction costs. The parties further agreed to hire Pitakkij Co., Ltd., a related company, to construct the road at a total cost of approximately THB 19,000,000.- of which the Company would pay half the cost, amounting to approximately THB 9,500,000.-, and to hire Vithayathorn Co., Ltd. to install the infrastructure system at the cost of approximately THB 2,500,000.-, amounting to a total cost of THB 12,000,000.-, the sum of which had been negotiated and compared to prices of other contractors.

Related Transactions

To this agenda, Mr. Thamarat Chokwatana, Director 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 all the following boards and committee:

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

In every instance, the Audit Committee must 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 were 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 a 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-subsidiary 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".