



บริษัท ธนูลักษณ์ จำกัด (มหาชน)

THANULUX PUBLIC COMPANY LIMITED

รายงานประจำปี 2558 / ANNUAL REPORT 2015

## รักเราคงอยู่.....ธนูลักษณะ

ทุกทิศทางปะปน  
พบหนทางที่พอพึงพา  
เย็บร้อยใจถักทอ  
ทั้งรู้ว่าความสำคัญ

ตำนานพระรามแผลงศร  
ตำนานพระรามแผลงศร

รักเราคงอยู่  
รักเราคงอยู่  
ขอจงฟันฝ่าและร่วมฝ่าฟัน

\*จุดดั่งลูกธนูที่รวมพลัง  
รวมกันไว้ไม่ให้ห่าง  
จุดดั่งลูกธนูคู่ศรพระราม  
เติมความรักให้เต็มปรี

(ซ้ำ\*)

รักเราคงอยู่  
รักเราคงอยู่  
ขอจงฟันฝ่าและร่วมฝ่าฟัน

ทุกๆคนต่างมุ่งเข้ามา  
สิ่งที่หากก็พลันได้เจอ อย่างที่ฝัน  
มีรักรอกรักให้กัน  
อยู่ที่การร่วมแรงร่วมใจ ให้กันไว้

ศรพระรามตำนานรัก  
ศรพระรามตำนานรัก

เพราะความผูกพัน  
มันคงอีกนาน  
ขอรวมเป็นหนึ่งแล้วไปด้วยกัน

จักแผ้วถางไปสู่จุดหมาย  
มีทิศทางที่ดีก่อนหน้า จับมือกันไว้ก้าวไปให้ไกล  
จักไม่ถามว่าเธอคู่ใคร  
จดจำให้ดีคู่เรานั้นคือ ธนูลักษณะ

เพราะความผูกพัน  
มันคงอีกนาน  
ขอรวมเป็นหนึ่งแล้วไปด้วยกัน



## Vision

“By consistently being dedicated to excellence while creating innovative and high quality products, we are consumer’s top choice.”

## Mission

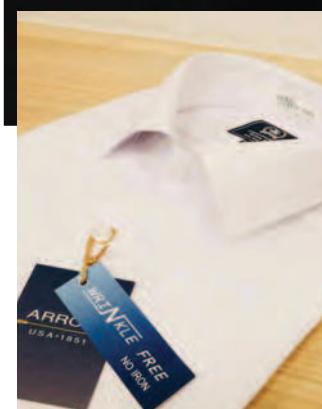
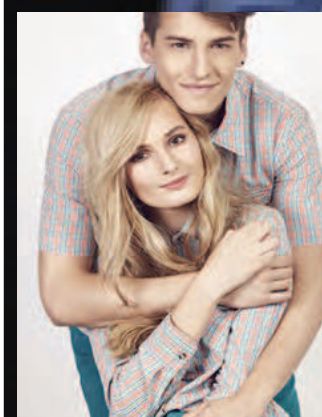
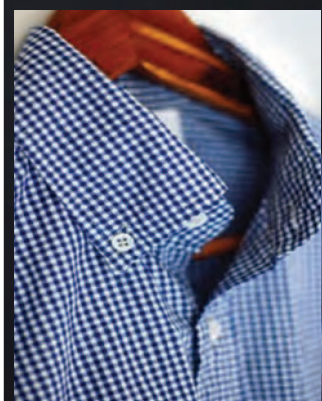
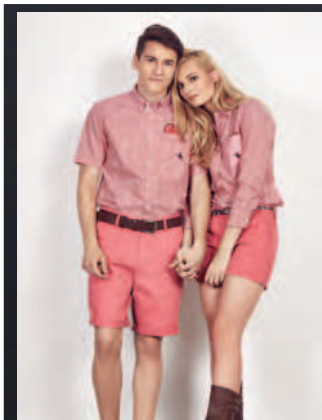
- Striving to surpass customers’ expectation with innovative and excellent quality products and services.
- To build value for our shareholder by consistently producing superior operating result.
- To create exceptional opportunities for employees to advance and fulfill their highest potential.
- To enhance good corporate governance reflected in work ethic and moral.
- To establish principles on environmentally friendly practices in business operation, instill continuous conscience of employees towards social responsibility and support of activities pertaining to the public

## Core values : SMART

- S Synergy
- M Moral & Ethics
- A Adherence to Quality
- R Responsibility for Social
- T Think Creative & Innovation

## SLOGAN

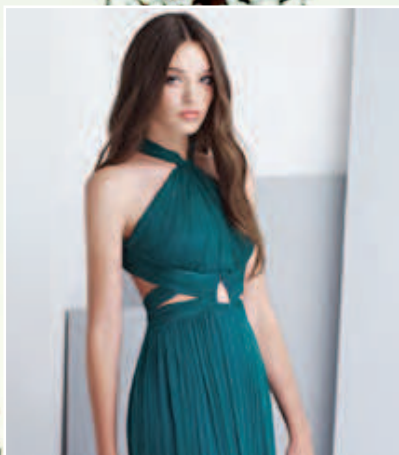
Dedicated Excellence



COMPANY'S PRODUCT

MEN'S WEAR





COMPANY'S PRODUCT  
WOMEN'S WEAR





COMPANY'S PRODUCT

LEATHER'S WEAR



COMPANY'S PRODUCT  
CHILDREN'S WEAR





COMPANY'S PRODUCT

SRIDA GREEN LIVING



# ธรรมรัตน์

“มาตรฐาน คุณภาพ”  
ที่เหนือกว่า

Thammarat...  
Purification of the mind



ธรรมสาร  
Thammasorn

ชุดปฏิบัติธรรม “ธรรมสาร”

สวมใส่สบาย สุขใจ อิ่มบุญ





**Mr. Boonsithi Chokwatana**

Advising Director  
Nominating Committee Member  
Chairman of the Remuneration Committee



**Mrs. Varindr Leelanuwatana**

Chairman  
Chief Executive Officer  
Nominating Committee Member  
Remuneration Committee Member





**Mr. Supotch Pakaworawuth**  
Managing Director  
Risk Management Committee Member



**Ms. Dusadee Soontrontumrong**  
Deputy Managing Director and CFO  
Remuneration Committee Member



**Ms. Marin Leelanuwatana**  
Director  
Executive committee member  
Deputy Vice President of Foreign Business  
Development Department

## Independent Director



**Mr. Padoong Techasarintr**  
Independent Director  
Chairman of Audit Committee



**Mr. Krish Follett**  
Independent Director,  
Audit Committee Member  
Chairman of Risk Management  
Committee



**Assoc.Prof. Nares Kesaprakorn**  
Independent Director  
Audit Committee Member



**Pol.Lt.Gen. Amarin Niemsukul**  
Independent Director  
Audit Committee Member

## The Business Operations

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Investors may access more information of the company details per the Annual Registration Statement (Form 56-1) displayed at [www.sec.or.th](http://www.sec.or.th) or at company website [www.thanulux.com](http://www.thanulux.com)



## Highlights of the year

| SELECTED DATA   | 2015     | 2014      | 2013      |
|---|----------|-----------|-----------|
| <b>FINANCIAL POSITION AND OPERATING RESULTS (Million Baht)</b>                  |          |           |           |
| Total Assets  | 3,904    | 3,927     | 3,721     |
| Total Liabilities   | 576      | 620       | 566       |
| Equity Attributable to Parent Company   | 3,318    | 3,295     | 3,140     |
| Sales   | 2,075    | 2,173     | 2,305     |
| Total Revenues  | 2,228    | 2,334     | 2,463     |
| Gross Profit  | 571      | 619       | 621       |
| Profit Attributable to Owners of The Parent Company                             | 173      | 208       | 207       |
| <b>Per Share Data (Baht)</b>  |          |           |           |
| Par Value   | 1.00     | 1.00      | 1.00      |
| Book Value  | 27.65    | 27.46     | 26.17     |
| Net Earnings  | 1.44     | 1.73      | 1.73      |
| Market Price  | 25.00    | 28.00     | 28.00     |
| Dividend  | **0.75   | 0.85      | 0.95      |
| <b>Financial Ratios</b>   |          |           |           |
| <b>Profitability Ratios (%)</b>   |          |           |           |
| Percentage of Net Profit  | 7.77     | 8.92      | 8.42      |
| Return on Equity  | 5.24     | 6.47      | 6.51      |
| <b>Growth Rates (%)</b>   |          |           |           |
| Percentage Increase (Decrease) of Sales   | (4.48)   | (5.73)    | (12.89)   |
| Percentage Increase (Decrease) of Net Profit                                    | (16.78)  | 0.41      | (29.69)   |
| Percentage Increase (Decrease) of Total Assets                                  | (0.58)   | 5.53      | (5.13)    |
| Percentage Increase (Decrease) of Equity-<br>Attributable to The Parent Company | 0.70     | 4.94      | (2.81)    |
| <b>Liquidity Ratios (Times)</b>   |          |           |           |
| Current Ratio   | 5.96     | 5.65      | 6.40      |
| Quick Ratio   | 4.21     | 4.04      | 4.30      |
| Liquidity of Cash Flow from Operation   | 0.48     | 0.84      | 0.91      |
| <b>Efficiency Ratios (%)</b>  |          |           |           |
| Return on Total Assets  | 4.42     | 5.44      | 5.42      |
| Return on Fix Assets  | 52.24    | 57.87     | 54.16     |
| <b>Financial Policy Ratios (Times)</b>  |          |           |           |
| Debt-Equity Ratio   | 0.17     | 0.19      | 0.18      |
| Time Interest Earned  | 1,172.30 | 26,390.44 | 10,936.88 |
| Leverage Ratio  | 0.33     | 0.74      | 0.84      |
| Payout Ratio (%)  | 51.96    | 49.01     | 55.00     |

Notes :      \*\*      The Board of Directors' Meeting No. 2/2559 has resolved to submit the agenda of dividend payment Baht 0.75 per share for approval at the General Shareholders' Meeting to be held on April 26, 2016

## Report of the Board of Directors

The overall global economic slowdown in 2015 and the appreciation of the Thai baht in the first half of the year have had a negative impact on export competitiveness. Domestic problems such as drought, price declines of agricultural products and rising household debts have dampened consumer spending. Despite several economic stimulus measures, more time is needed for the desired outcome to be realized.

The effect of the aforesaid factors resulted in Thanulux Public Company Limited (Company) and subsidiary companies, in 2015, generating total revenues of Baht 2,227.74 million, a decline from the previous year by 4.54 percent. The Company and subsidiary companies, however, have maintained a profitable business operation, with net earnings of Baht 173.20 million, a decline from the previous year by 16.78 percent, and is able to pay dividends to shareholders regularly. The Company's financial standing and liquidity remains sound and stable.

The board of directors has closely monitored the situation and modified working plans in response to constantly changing economic and social conditions. A clear business direction has been stipulated. A customer-oriented approach has been adopted, with importance given to market research and consumer behavior studies, in order to develop raw materials and goods which meet the demands of customers. The Company strives to continually develop and maintain international quality management standards. Information technology is used in the management of goods to ensure sufficient quantities, from the manufacturing process to deliver at the right place, the right time and the right desire - as stated in the vision "By consistently being dedicated to excellence while creating innovative and high quality products, we are consumer's top choice."

Moreover, the Company is determined to operate its business in parallel with social responsibility by participating in factory enhancement programs. The Company aims to improve the environment and sustained social responsibility in collaboration with the Department of Industrial Works (CSR-DIW). An ISO14001 standard environmental management system is in place. On the occasion of Thanulux's 40<sup>th</sup> anniversary, the Company donated funds for public purposes to numerous organizations, organized activities for communities, society and the environment. Celebrations were held in the Company to improve the morale of employees. A memorial publication "Thanulux happy workplace" containing the historical background of Thanulux was disseminated to Executive Officers, employees, companies in the Sahapat Group, trading partners and educational institutions. A 40<sup>th</sup> anniversary shirt was also produced and presented to Executive Officers and employees as a show of harmony.

In addition, the Company remains committed to operating businesses under good governance principles, as evidenced by the Company's corporate governance rating "very good" in the corporate governance survey of listed companies in 2015 conducted by the Thai Institute of Directors (IOD) in collaboration with the Stock Exchange of Thailand.

The Board of Directors would like to express appreciation to all shareholders and stakeholders for their welcomed longstanding support of the Company. The Board of Directors would also like to thank Executive Officers and employees for the exercise of their best collective efforts, which has resulted in the Company's readiness and ability to overcome obstacles and challenges in the past, and to advance to long-term sustainable and stable growth.

## Audit Committee's Report

The Audit Committee has carried out their duties as the independent directors in accordance with the Audit Committee's Charter which was approved by the company's board of directors. This was also in compliance with the regulations of the Securities Exchange Commission and the Stock Exchange of Thailand.

During the year 2015 the Audit Committee has 12 meetings in total. The attendance of each committee was summarized as follow:

|    |                    |              |                                 |            |         |
|----|--------------------|--------------|---------------------------------|------------|---------|
| 1) | Mr. Padoong        | Techasarintr | Chairman of the Audit Committee | Attendance | 12 / 12 |
| 2) | Assoc.Prof. Nares  | Kesaparakorn | Audit Committee Member          | Attendance | 12 / 12 |
| 3) | Mr. Krish          | Follett      | Audit Committee Member          | Attendance | 11 / 12 |
| 4) | Pol.Lt.Gen. Amarin | Niemskul     | Audit Committee Member          | Attendance | 12 / 12 |

Moreover there were 3 meetings with the Management in order to discuss and exchange ideas pertaining to the businesses. Additionally the operating results of the Audit Committee were reported to the company's board of directors every quarter. The key tasks conducted during the year 2015 could be summarized as follow:

1. Review Financial Statements: The Audit Committee reviewed the crucial information of the quarterly and annually financial statements for the year 2015 of the company and its subsidiaries. This was to ensure that the above mentioned statements were prepared in conformity with the enforcement of the current accounting standards with complete and sufficient disclosure of information and reliable. Additionally there were meetings with the external auditors without the participation of the Management in order to discuss about the key issues pertaining to the preparation of the financial statements, their observations of the internal control system for Accounting and Finance as well as their suggestions for operational improvement for more accuracy and circumspective. The external auditors had freedom in reviewing and auditing the financial statements.
2. Review the Internal Control Systems: The Audit Committee reviewed and assessed the sufficiency of the internal control systems including the effectiveness of the internal auditing works by taking into account operational results and the following up process. The checks and balances mechanism of the Internal Audit Office was independent. The Audit Committee had an opinion that the internal control system was appropriate for the current business. It was adequately efficient and effective in order to prevent and to take care of the company's benefits.
3. Review the transactions among the company and its subsidiaries with the related parties or the transactions which might cause conflict of interests occurred during the year 2015. This was to ensure that the mentioned transactions were carried out according to the normal business conditions. No benefits were siphoned off. The information was completely and sufficiently disclosed. Works in accordance with the regulations of the Office of the Securities Exchange Commission (SEC) were also monitored.
4. Review the company's operation to ensure works in accordance with Securities and Exchange Act including all the relevant laws. It was agreed that the company followed the relevant laws without any impacts to the

business. Moreover suggestions were provided to the company to develop the Compliance Check List for all company's units to take part in order to ensure that the company had been adhering to the enforcement of the current laws.

5. Review the works in accordance with the good corporate governance. The Audit Committee review the works in accordance with good ethics and the corporate governance. It was agreed that the company's directors and staffs had strictly followed the given guidelines. Additionally the Anti-Corruption Policy was also written. The assessments according to the regulations of the Thai Institute of Directors Association was carried out. This also included a participation as a member of the Private Sector Collective Action Coalition Against Corruption Council of Thailand's private sector.
6. Review the risks management by the Risk Management Committee who had duties in considering and setting up scope and planning for risk management, reviewing the risk factors and continuously monitoring. The Risk Management Committee reported their works to the company's board of directors every quarter. Furthermore the Control Self Assessment (CSA) has been implemented to ensure all units were able to assess and prepare the preventive measures and/or mitigate the impact from the risk factors and kept them at the acceptable level.
7. The Audit Committee considered the performance of the external auditors during last year and found that it was satisfied. They were independent, skillful, knowledgeable and experienced in auditing. Therefore it was agreed to propose the appointment of Mrs. Kwunjai Kiatgungwalgri, a certified public accountant number 5875 or Mr. Anusorn Kiatgungwalgri, a certified public accountant number 2109 of the ASV & Associates Limited as the external auditors for the year 2016 at the fee of 949,000 baht as a result of negotiating for increasing the fee of 4.40% from last year due to the higher workload from the new accounting policy. This was considered reasonable.

On behalf of the Audit Committee



(Padoong Techasarintr)  
Chairman of the Audit Committee



## Nominating Committee's Report

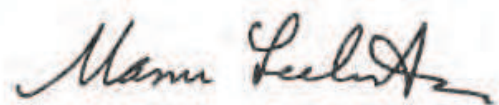
Thanulux Public Company Limited has appointed a Nominating Committee in accordance with good governance principles to assist the Board of Directors in the nomination of Company Directors. The Nominating Committee consists of 3 Members, as follows:

- |                  |                |                                      |
|------------------|----------------|--------------------------------------|
| 1. Mr. Manu      | Leelanuwatana, | Chairman of the Nominating Committee |
| 2. Mr. Boonsithi | Chokwatana,    | Nominating Committee Member          |
| 3. Mrs. Varindr  | Leelanuwatana, | Nominating Committee Member          |

In the year 2015, the Nominating Committee held 2 meetings. Duties entrusted by the Board of Directors were fully performed. Under the Nominating Committee Charter, the Nominating Committee has the duty of nominating suitably qualified persons from several professions pursuant to the nominating rules, Company Articles and applicable laws for appointment as Company Directors. The Company also provided shareholders with an opportunity to make advance nominations of persons for election as Company Directors in the Ordinary Shareholders' Meeting for 2015. However, no shareholder has made any nomination for election as a Company Director.

In the Ordinary Meeting of Shareholders for 2015, the terms of 4 Company Directors expired, namely Mr. Boonsithi Chokwatana, Mrs. Varindr Leelanuwatana, Mr. Wichai Suthitivanich and Associate Prof. Nares Kesaprakron. However, as Mr. Wichai Suthitivanich expressed an intent to decline re-nomination for another term in office, only 3 Company Directors were re-nominated, namely Mr. Boonsithi Chokwatana, Mrs. Varindr Leelanuwatana and Associate Professor Nares Kesaprakron. No nomination was made to fill the vacant position. The Nominating Committee has reviewed the qualifications of each individual Company Director whose term expired and finds it appropriate to re-nominate those persons. As a consequence, there will be 9 remaining Company Directors. In addition, the Nominating Committee has also reviewed the Board structure, allocation of duties to Company Directors and Company Committees with a view to achieving good governance and efficient management in a manner consistent with changing circumstances. A proposal thereof was submitted to the Board of Directors. In all instances, the Nominating Committee has fully discharged its assigned tasks with prudence and good reason.

On behalf of the Nominating Committee



(Mr. Manu Leelanuwatana)  
Chairman of the Nominating Committee

## Remuneration Committee's Report

Thanulux Public Company Limited has appointed a Remuneration Committee in accordance with good governance principles to assist the Board of Directors in the determination of limits and rules for allocating remuneration to Company Directors. The Remuneration Committee consists of 3 Members, as follows:

- |    |               |                  |  |
|----|---------------|------------------|--|
| 1. | Mr. Boonsithi | Chokwatana,      | Chairman of the Remuneration Committee |
| 2. | Mrs. Varindr  | Leelanuwatana,   | Remuneration Committee Member          |
| 3. | Miss Dusadee  | Soontrontumrong, | Remuneration Committee Member          |

In the year 2015, the Remuneration Committee held 2 meetings. Duties entrusted by the Board of Directors were fulfilled. Under the Remuneration Committee Charter, the Remuneration Committee has the duty of determining the remuneration limit and rules for allocating remuneration to Company Directors with a view to achieving an appropriate distribution capable of creating an incentive for working efficiency and to retain knowledgeable and proficient personnel in the Company.

The Remuneration Committee has determined the remuneration limit for Company Directors based on comparisons with other companies in the same industry, the growth rate and performance of the Company, the remuneration limit approved by the shareholders' meeting in the preceding year and the amount of remuneration paid. As for the allocation of remuneration to Company Directors and members of company committees, due consideration was given to the powers and duties, responsibilities and performance, within the limit approved by the shareholders.

The remunerations of Company Directors and members of company committees have been disclosed in the Annual Report. The Remuneration Committee finds the remunerations appropriate and commensurate with duties, responsibilities and Company policies.



(Mr. Boonsithi Chokwatana)  
Chairman of the Remuneration Committee

## Risk Management Committee's Report

The Company has provided a process for managing risks that could impact business operations. Company policy requires an assessment of risks in order to assign risk ratings to tasks in every department. A Risk Management Committee comprising the following 5 members has also been established to oversee the management of risks.

|    |                    |              |                      |
|----|--------------------|--------------|----------------------|
| 1. | Mr. Krish          | Follett      | Chairman             |
| 2. | Mr. Supotch        | Pakaworawuth | Member               |
| 3. | Mr. Suchart        | Layluxsiri   | Member               |
| 4. | Dr. M.L. Sirapirom | Teeraprasert | Member               |
| 5. | Miss Sunee         | Kongsong     | Member and Secretary |

The Risk Management Committee has drawn up regulations on risk management guidelines, including effective control activities, applicable to key operations in the Company's businesses so as to ensure consistency with the organization's strategic targets.

In 2015, the Risk Management Committee held 4 meetings, from which the following measures were adopted:

- 1) **Provision of a risk framework** comprising strategic risks, market risks, credit risks, operational risks and external risks.
- 2) **Risk assessment approach:** various risks are assessed, with due consideration to the chance of occurrence and the potential impact on the Company's business operations. Responsibilities have been assigned to designated personnel to formulate action plans to maintain risks at acceptable levels.
- 3) **Annual Risk Management Plan.** Meetings have been held with every unit in the Company. All units were required to present an action plan to the Risk Management Committee for approval.
- 4) **Supervision and strategy implementation.** Key factors which could affect the Company were identified in accordance with strategies. Meetings were held with all relevant agencies on a quarterly basis to manage risks at levels acceptable to the Company as stated in the Company Risk Management Plan. Advice was also given to further improve efficiencies in the Company's risk management.
- 5) **Fostering an organizational culture on risk management** in order to promote understanding and encourage participation of all employees in the management of risks relating to tasks under one's responsibility.

In all events, the Risk Management Committee has monitored risk management outcomes and filed quarterly progress reports to the Board of Directors to maintain confidence in efficient and effective risk management.



Mr. Krish Follett  
Chairman of The Risk Management Committee

## Corporate Business Policies and Overview of Business Operations

### Overview of Business Operations

Thanulux Public Company Limited was founded on 23<sup>rd</sup> June 1975. The initial registered capital was Baht 3 million and there were merely 75 employees. The business premises were situated near Wat Dok Mai. All shareholders were Thais, comprising natural persons and juristic persons, viz. Saha Pathana Investment Company Limited (former name of Saha Pathana Inter-holding Public Company Limited) and Ruam Pathana Longtoon Company Limited (former name of I.D.F. Company Limited). The company operated the business of manufacturing finished garments.

The name “Thanulux” was created to match the name ARROW, with its arrow symbol. Thanulux is associated with a red symbol of Rama God pointing an arrow towards the sky. The name expresses a deeper meaning whereby the Rama God represents Thai qualities, the red color symbolizes good fortune and the arrow pointing towards the sky represents fashion trends moving forward.

### Vision

“By consistently being dedicated to excellence while creating innovative and high quality products, we are consumer’s top choice.”

### Mission

- Striving to surpass customers’ expectation with innovative and excellent quality products and services.
- To build value for our shareholder by consistently producing superior operating result.
- To create exceptional opportunities for employees to advance and fulfill their highest potential.
- To enhance good corporate governance reflected in work ethic and moral.
- To establish principles on environmentally friendly practices in business operation, instill continuous conscience of employees towards social responsibility and support of activities pertaining to the public benefit.

### Core Values = SMART

- S Synergy
- M Moral & Ethics
- A Adherence to Quality
- R Responsibility for Social
- T Think Creative & Innovation

### SLOGAN

Dedicated Excellence

### Significant Changes and Developments

#### First Decade: Laying down the business foundations (1975 – 1985)

The perception of Thai people was that finished shirts were mass produced and not finely tailored to fit a person’s physique. Thus, finished garments were not very popular. However, under Mr. Boonsithi Chokwatana’s commitment to develop Thai men’s apparel at that time, permission was obtained for the right to use copyright to produce and distribute garments under the Brand ARROW from the United States of America, products which had built a reputation over a century. ICC International Public Company Limited as assigned to oversee domestic sales and marketing, as



well as to enhance sales efficiency. This gave rise to Arrow Consults (AC) who were available to render advice and useful information on selecting goods and sizes for customers. Moreover, fitting rooms were provided in order to give customer confidence that the proper fit had been acquired.

As regards marketing, a slogan was created for the first ARROW product, “ARROW is shirt, shirt is ARROW,” in order to induce people to remember the brand, along with an agent who provided a description of the product quality to purchasers for knowledge and remembering. Mr. Pichai Vasanasong, a renowned gentlemen of the time, was chosen as the brand ambassador under the slogan “ARROW: The True Gentleman Style.”

- 1975 - Company registration on 23 June 1975 with a registered capital of Baht 3 Million. The Company commenced its operations with only 75 employees and its place of business was situated in the vicinity of Wat Dok Mai.
- 1977 - The product line expanded to other forms of menswear such as polo shirts, t-shirts, slacks and pajamas under the ARROW brand. Once the production line was in place, Thanulux offered itself as the manufacturer for export of ARROW products to the licensor in Singapore and the United States of America for distribution in Europe and South America.
- 1982 - Bangkok celebrated its 200th anniversary this year, an auspicious time for the Company to relocate its office to a plot of land on Chongnonthri Road, initially an area of 7 rai and subsequently expanded to the present day site which exceeds 20 rai.
- 1983 - Production of leather goods under the trademark “ARROW”.  
- Production of leather goods under the trademark “LOUIS FONTAINE”  
- Increase of registered capital to Baht 6 million for business expansion.
- 1984 - Acquired a license to produce and distribute menswear fashion products under the trademark “Guy Laroche” and children’s wear fashion products under the trademark “absorba” from France  
- Increase of registered capital to Baht 12 million for business expansion.

## Second Decade: Business Expansion (1986 – 1995)

Business expanded to leather goods, garments and upstream raw materials. The Company entered into a joint venture with foreign companies in establishing companies, building a new production facility in the Sahapat Group Industrial Park, Siracha, and expanding to Sahapat Group Industrial Parks in Lamphun and Kabinburi. Foreign companies participating in the investments were mainly Japanese factories with longstanding relationships. As a consequence, the Company was able to acquire production technologies and management knowhow, along with the development of personnel knowledge, until eventually expertise was acquired in all areas. In 1993, the Government pursued an export promotion policy, which resulted in many companies building industrial plants for exports. Thanulux, however, had already prepared for this policy and received an investment promotion from BOI. It may be said that Thanulux had grown into a leading fashion producer for Thailand and had become an exporter of premium quality products to various countries throughout the world.

- 1986 - Production of maternity wear fashion products under the trademark “la femme”.
- 1987 - Production of ladies wear fashion products under the trademark “MIX-SELF”.  
- Increase of registered capital to Baht 24 million and Baht 30 million as preparation for listing in the Stock Exchange of Thailand.  
- Approval of listing in the Stock Exchange of Thailand on 21 July 1987.
- 1988 - Production of swimwear, underwear and slacks under the trademark “Guy Laroche”.  
- Registered share capital increased to Baht 45 million for business expansion and issued shares were

- revalued to Baht 10 per share.
- 1989 - Enjoyed the confidence of foreign investments to establish a company in the group with a sound production base at Sahapat Group Siracha Industrial Park.
- Increase of registered capital to Baht 60 million for business expansion.
- 1990 - Acquired a license to produce and distribute menswear products under the trademark “ZAZCH”
- 1993 - Expansion of production base at the Saha Group Industrial Park in Lamphun Province and Prachinburi Province in order to produce leather products and garments respectively. BOI promotion was granted for these investments.
- 1994 - Conversion from a limited company to a public limited company
- 1995 - Acquired a license to produce and distribute premium quality ladies wear and leather goods under the trademark “JEAN-LOUIS SCHERRER” from France

## Third Decade: A test of the organization’s strength (1996 – 2005)

The national economic crisis in 1997 severely devalued the Thai Baht. Businesses relying on loans in US dollars instantly suffered from foreign exchange losses. Thanulux was by no means an exception, relying on dollar loans for production facility expansions. Even though the amount of loan was minimal, the impact was also felt. The situation was worsened by declining domestic sales and exports. The devalued Thai Baht resulted in Thai goods being perceived as cheaper by foreigners. Mr. Boonsithi Chokwatana found an opportunity in every crisis and thus held the inaugural Saha Group Export & Trade Exhibition Fair. The aim was to expand to foreign customers in a display of production potentials and quality of the Sahapat Group. Thanulux participated in a booth display. Due to long experience in exports, longstanding relationships with foreign trading partners, along with the confidence of customers in the quality of Thanulux goods, within the year the Company’s exports surged to 50 percent of total sales. Hence, the Company safely navigated through the economic crisis in a secure manner.

- 1996 - Increase of registered capital to Baht 120 million for business expansion.
- 1997 - Initiated the Thailand Best campaign to promote awareness of foreign customers in the Company’s goods. The “Sahagroup Export & Trade” Fair was inaugurated and continues annually to the present day.
- Acquired a license to produce and distribute premium quality menswear and ladies wear fashion products under the trademark “DAKS” from England and fashion products under the trademark “St. Andrews”.
- 1999 - Issue of debentures in the amount of Baht 300 million to reduce reliance on bank loans.
- Acquired a license to produce and distribute menswear fashion products under the trademark “bsc”, which is a Total Coordinated Brand, as well as a license to produce and distribute men’s underwear under the trademark “ELLE HOMME” from France.
- 2000 - Manufacture of children’s wear fashion products under the trademark “CADEAU”.
- 2001 - Undertaken studies, discoveries, researches and development of raw materials under the trademark “Cottazilk”, which is an innovation of textile fibers incorporating a mix between silk and cotton fibers.
- 2002 - Received the transfer of the trademark “LOUIS FONTAINE” from Thai Wacoal Public Company Limited.
- 2003 - The par value was changed from Baht 10 per share to Baht 1 per share on 9 May 2003
- 2004 - Formal opening of Cottazilk products in an exhibition entitled “A World Novel Phenomenon Created by Thai Local Wisdom through the Invention of Cottazilk, a New Breed of Thai Silk”.

## Fourth Decade: Never-Ending Innovations (2006 – 2015)

Business competition in the digital era has intensified. Numerous new strategies have been developed. Innovation is deemed as an important strategy. The Company is committed to and promotes research and development of innovations. Upstream industries in Saha Group have become development partners for acquiring high quality raw materials to replace former raw materials, thus differentiating goods from competition and creating competitiveness.

In 2013, the Company was awarded the standard certification mark “Smart Fabric” for good moisture and perspiration ventilation, as well as added comfort, from the Thai Textile Institute. The product receiving the certification was the cool innovation shirt under the Guy Laroche brand. In 2014, the Company became the first operator to receive the certification mark “Smart Fabric” for Anti-Bacteria from the Thai Textile Institute. This fabric boasts the ability to combat bacteria, the cause of 99.9% of odor. This fabric is used for producing goods in the men’s shirt category.

- 2006
  - Rebranding of “ZAZCH” to “HORNBILL” in order to appeal to a wider customer group.
  - Manufacture of menswear fashion products under the trademark “Itch”.
- 2007
  - Received an outstanding product innovation award for “COTTAZILK” in the Saha Group Innovation Contest 2007. This innovation was realized through the integration of cotton and Thai silk fibers, in which the Company had played a collaborative role from its development in upstream industries, i.e. silk spinning, weaving and adornment into textiles, and finishing into garments
- 2010
  - Production of goods carrying the brand “SIDA”, a product which focuses on environmental friendliness by the use of natural cotton fibres synthesized with fibres processed from used PET (Polyethylene Terephthalate) bottles. This is a truly modern technological innovation in the production process.
- 2011
  - Production of ladies wear fashion products under the trademark “cami cetta”.
  - Registration of change of trademark from “SIDA” to “SRIDA”.
  - Manufacture of ladies fashion clothing under the trademark “BARONESS”.
- 2012
  - Opening of a second factory building at the Lamphun Branch to expand manufacturing capacity for leather goods.
  - Opening of Thanulux Public Company Limited, Bang Plee Branch, Samut Prakarn Province, along with investments in modern machinery to expand the laundry business.
- 2013
  - Production of menswear fashion products and leather goods carrying the brand “MORGAN HOMME”
  - Set up PT. Trinity Luxtro Apparel, joint venture company in Indonesia to facilitate businesses in AEC.
- 2014
  - Manufacture of leather goods carrying the trademark “DAZZ” under the concept “Be happy Be bubbly”, distributed on website and Facebook.
- 2015
  - I.C.C. International Plc. (ICC), the distributor company in Saha Group, has become the licensee of ARROW trademark since 1 January 2015 and the company is now operating as manufacturer with licensor approval.

Throughout the last 4 decades, the Company remained committed to operating businesses for continual growth. At the same time, significance was attached to care of society, communities and the environment. The life cycle of products have been analyzed for their carbon dioxide emissions. The Company received a carbon footprint label for white long-sleeved shirts under the brand ARROW Style AY 630 from the Textile Industry Development Institute.

## Social Awards

## Ministry of Labor and Social Welfare

- 2000 - Awarded a certificate for participation in the project for protection of women and child labour in order to promote exports and practices in compliance with women and child labour protection standards.
- 2001 - Awarded a distinction for the “White Factory Project”.  
- Awarded a distinction for “Promotion of Advisors for Women Labour at the Workplace”.
- 2002 - Accredited Thai labour standards, Mor Ror Thor 8001.
- 2003 - Awarded a distinction as a workplace which has cooperated in the appointment and training of women labour advisors.
- 2004 - Awarded a trophy of outstanding distinction for women labour on the occasion of the international women’s day of 2004.  
- Awarded a distinction for “Outstanding Workplace for Women Labour”.
- 2005 - Awarded a distinction for health promotion activities at the workplace.
- 2007 - Certified Silver Standard for Management of AIDS at workplace from the department of labour welfare and protection, Ministry of Labour and the Department of Disease Control, Ministry of Public Health.
- 2008 - Received a commendation for “Passing the Criteria of Workplace Status Systemization for the Maintenance of Strength in Narcotic Drugs Prevention and Remedy” from the Prachinburi Provincial Office of Labour Protection and Welfare in collaboration with the Operational Center for Combat against Narcotic Drugs, Prachinburi Province.  
- Awarded a Certificate of Thai Labour Standard (TLS 8001-2003), Completion Level.
- 2009 - Awarded an ASO-T Thailand Platinum and ASO Thailand standards certificate for management and administration of AIDS and tuberculosis at the workplace from the Department of Labour Protection and Welfare, Ministry of Labour, and the Department of Disease Control, Ministry of Public Health.  
- Certified as a breast-feeding workplace.  
- Awarded with an accreditation and symbol (flag) by the Workplace Safety Center Area 1 and Area 4 for undertaking a campaign to reduce accident statistics at the workplace where risks are prevalent in the operations.
- 2010 - Received a “Platinum Level” ASO-T Thailand Award for management of AIDS and Tuberculosis at the workplace for the Company’s Head Office from the Department of Labour Protection and Welfare, Ministry of Labour, and Department of Disease Control, Ministry of Public Health.
- 2011 - Received a certificate of distinction and “White Factory” award (Thanulux Pcl. Kabinburi Branch) as a consequence of actions taken to prevent and tackle narcotic drug problems in collaboration with other companies in the Saha Group Industrial Park (Kabinburi).
- 2012 - The Lamphun Branch of Thanulux Public Company Limited also received a certificate of distinction as the “White Factory Scheme” for actions to prevent and combat problems pertaining to the use of narcotic drugs at the workplace.
- 2013 - Awarded the “Outstanding Workplace on Labour Relations and Labour Welfare (National)”.  
- Received a standard accreditation for prevention and remedy of narcotic drug problems at the workplace of Thanulux Public Company Limited Head Office and Kabinburi Branch.
- 2014 - Awarded the distinction “Outstanding Workplace for Labour Relations and Labour Welfare (National Level)” for the Head Office for the second consecutive year.  
- Awarded the distinction “Outstanding Workplace for Labour Relations and Labour Welfare (Provincial Level)” for Lamphun Branch.
- 2015 - Awarded the distinction “Outstanding Workplace for Labour Relations and Labour Welfare (National Level)” for the Head Office for the third consecutive year.

- Awarded the distinction “Outstanding Workplace for Labour Relations and Labour Welfare (National Level)” for Lamphun Branch.
- Awarded “Safe Workplace honoring Her Royal Highness Princess Maha Chakri Sirindhorn” for head office.
- Awarded “Safe Workplace honoring Her Royal Highness Princess Maha Chakri Sirindhorn” Lamphun Branch.

## Thai Red Cross Society

- 2015 - Received honors from Her Royal Highness Princess Soamsawali as an agency supporting blood donation activities for the third consecutive year.

## Ministry of Industry

- 2006 - Awarded a distinction for “Hospitable Factory in Harmonious Tribute to His Majesty” in modifying the factory’s landscape to enhance habitability and friendliness to the environment on the occasion of the 60<sup>th</sup> Anniversary Celebration of His Majesty’s Accession.
- 2012 - The Lamphun Branch of Thanulux Public Company Limited was certified by the Ministry of Industry as a Green Factory, First Level Green Industry, after committed efforts to minimize environmental impact and ensure comprehensive communications within the organization.
- 2013 - Awarded an honorary shield as a workplace that is compliance with good governance principles on the environment.
- 2015 - Received the prestigious CSR-DIW Award 2015 from the Department of Industrial Works (Thanulux Public Company Limited, Head Office, Kabinburi Office and Lamphun Office).
- Received the Green Industry Certificate Level 2 for the category of activities to mitigate environmental impact pursuant to set goals (Thanulux Public Company Limited, Kabinburi Office).

## Bangkok Metropolitan Administration

- 2003 - Awarded a certificate of distinction as a “Strong Workplace” for its strict compliance with anti-drug policies.
- 2004 - Awarded a certificate of distinction for “Clean, Safe and Pollution-Free Workplace”.
- 2005 - Awarded a distinction trophy for the promotion of publicly beneficial activities from the senior citizen’s club, Yannawa District.

## Products Award

- 2013 - Awarded the “Smart Fabric” standard accreditation from the Thailand Textile Institute for good ventilation of moisture and sweat as well as greater comfort. The product accredited was shirt (cool innovation) under brand Guy Laroche.
- 2014 - First operator to receive accreditation for the use of the “Smart Fabric” mark under the “Anti Bacteria” category, after having undergone inspection and standard accreditation procedures applied by the Thailand Textile Institute for the men’s shirt category. This proves the goods’ efficiency in eliminating more than 99.9% of odor-releasing bacteria.
- Awarded a carbon footprint label for the white long-sleeved shirt, Brand ARROW Style AY 630, from the Thailand Textile Institute.

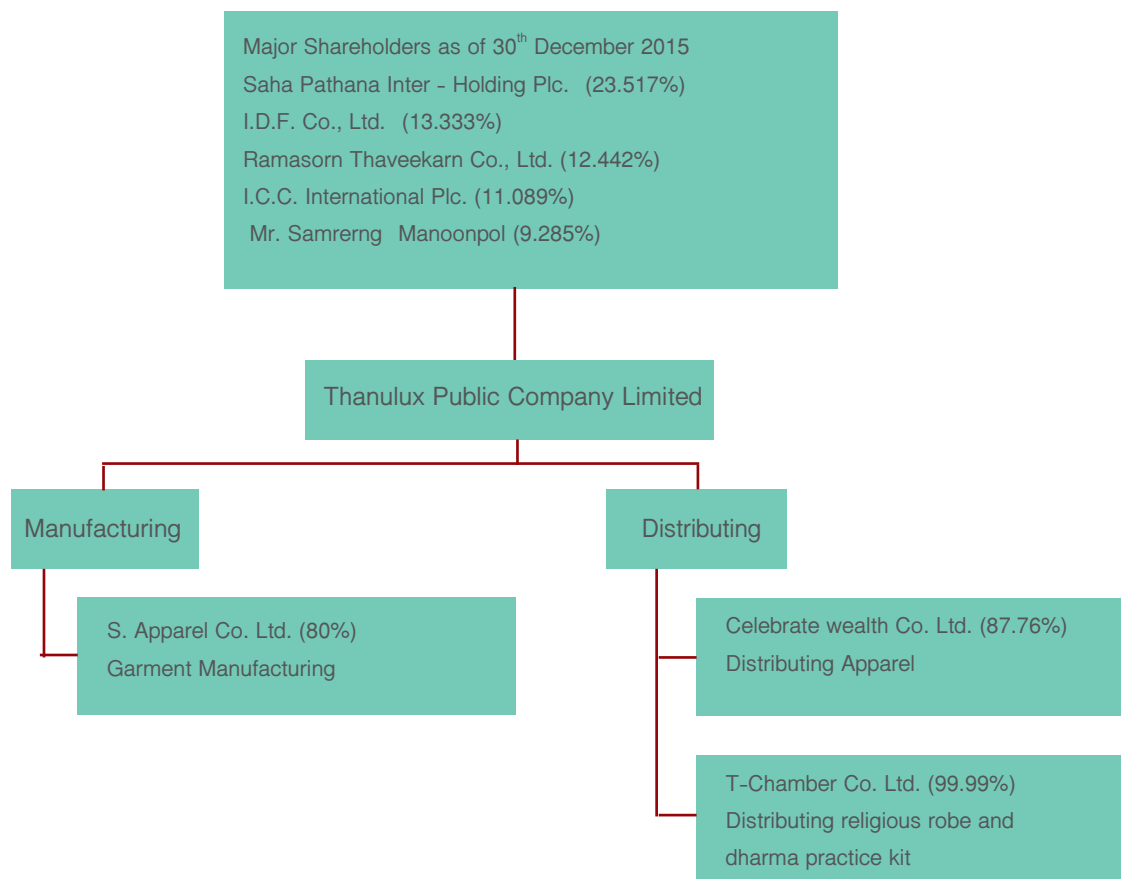
## Management Standardization

- 2002 - Awarded quality accreditation ISO 9001:2000 for design and manufacturing of garments and leather



- goods from Bureau Veritas.
- 2010 - Awarded quality accreditation ISO 9001:2008 for design and manufacturing of garments and leather goods from Bureau Veritas
  - 2015 - Awarded environmental management standard accreditation ISO 14001:2004 for design and manufacturing of menswear, women's wear, children's wear and leather goods from Bureau Veritas.

## Shareholding structure for companies under Thanulux group



The Company has 3 subsidiaries, namely

1. S. Apparel Company Limited
  - Undertakes the business of producing finished garments under customer' trademarks for export to Japan
  - The office and factory are situated at no. 4/2, Moo 8, Bangna-Trad Road, Km.18, Tambon Bangchalong, Amphoe Bangplee, Samut Prakarn Province.
2. Celebrate Wealth Company Limited
  - Undertakes the business of distributing apparel goods, manufactured by Thanulux Public Company Limited, such as men's wear "Erawon", leather goods "lollipops", children wear "CADEAU".
  - The office is situated at no. 129/1, Chongnonthri Road, Chongnonthri Sub-district, Yannawa District, Bangkok.
3. T-Chamber Company Limited
  - Undertakes the business of distributing the religious robe "Thammarat" and dharma practice kit "Thammasorn", manufactured by Thanulux Public Company Limited.
  - The office is situated at no. 129/1, Chongnonthri Road, Chongnonthri Sub-district, Yannawa District, Bangkok.

## (1) Group Task Allocation Policy

The Company and subsidiaries have collaborated in the development of products. Procurement of raw materials, production planning and manufacturing orders are undertaken by the Company.

## Shareholding structure of Company's group

|   | Subsidiary Companies      | % of Shareholding | Type of business                                    |
|---|---------------------------|-------------------|---|
| 1 | S. Apparel Co. Ltd.       | 80                | Garment Manufacturing                               |
| 2 | Celebrate wealth Co. Ltd. | 87.76             | Distributing Apparel                                |
| 3 | T-Chamber Co. Ltd.        | 99.99             | Distributing religious robe and dharma practice kit |

## (2) Cross-Shareholding

The Company has a cross-shareholding structure but such cross-shareholding does not create any conflict or inconsistency with the rules provided under the Notification of the Capital Market Supervisory Board No. TorChor 28/2551 Re: "Application for and Approval of Offer for Sale of Newly Issued Shares", clause 14.

Cross-Shareholding as at December 31, 2015

| Name of Company   | Proportion of Shareholding (%)              |   |
|---|---|---|
|   | The Company's Shareholding in Other Company | Other Company's Shareholding in the Company |
| <b>1. Shareholdings exceeding 50%</b>   |   |   |
| (a) Other company holding more than 50% of the Company's shares; the Company must not have cross-shareholding in the other company.                               | -   | -   |
| (b) The Company holding more than 50% of shares in other companies; the other company must not have cross-shareholding in the Company.                            | -   | -   |
| 1. S. Apparel Company Limited   | 80  | -   |
| 2. Celebrate Wealth Co., Ltd.   | 87.76                                       | -   |
| 3. T-Chamber Company Limited  | 99.99                                       | -   |
| (c) The Company holding more than 50% of shares in 2 or more other companies; such other companies must not have cross-shareholdings amongst themselves.          | -   | -   |
| The three subsidiary companies as (b) do not have cross-shareholding amongst themselves.  |   |   |
| <b>2. Shareholdings exceeding 25% but not exceeding 50%</b>   |   |   |
| (a) Other company holding more than 25% but not more than 50% of the Company's shares; the Company's cross-shareholding in the other company must not exceed 10%. | -   | -   |
| (b) The Company holding more than 25% but not more 50% of other company's shares; the other company's cross-shareholding in the Company must not exceed 10%.      | -   | -   |
| <b>3. Shareholdings not exceeding 25% *</b>   |   |   |
| (a) Other company holding not more than 25% of the Company's shares the Company's cross-shareholding in the other company must not exceed 25%.                    |   |   |
| 1. Saha Pathana Inter-Holding Public Company Limited  | 0.72  | 23.517                                      |
| 2. I.C.C. International Public Company Limited  | 3.44  | 11.089                                      |
| (b) The Company holding not more than 25% of other company's shares; the other company's cross-shareholding in the Company must not exceed 25%.                   |   |   |
| 1. Thai Monster Company Limited   | 19.00                                       | 0.03  |

Remark: \* Data only shown for companies with cross-shareholding

## Business Relationship with the company's major shareholding parties

The company has engaged in transactions, with textile and apparel group of Saha Pathana Inter-holding Public Company Limited - major shareholder, from upstream to downstream industry, and with the distribution company also, these transactions enhance the company's business capability completely starting from procurement of raw material till distribution of goods.

## Business Description

The Company is a producer and distributor of finished garments and leather products under licensed international trademarks and Company own-brands that are renowned domestically and Export. The proportion of domestic to foreign distributions is 67:33.

Domestic distribution is undertaken through I.C.C. International Public Company Limited, being the major distributor to departmental stores, while international distributions are made through distributors and/or trademark owners, such as in the United States of America, Europe, Asia, ASEAN and Japan.

The Company's products may be classified into two categories, as follows:

### Finished Garments

The Company's finished garments incorporate men, women and children customer groups, consisting of shirts, polo shirts, trousers, jeans, suits, jackets, pajamas, underwear, neckties, handkerchiefs, scarves, maternity wear, swimsuits, sportswear and socks under the trademarks ARROW, EXCELLENCY, GETAWAY, COOL, Guy Laroche, Guy Guy Laroche, DAKS, ELLE HOMME, bsc ex, HORNBILL, ICON, positif, MIX—SELF, la femme, MORGAN and BARONESS for men and women. As for children products, the Company manufactures and distributes garments for infants to 8-year olds. In addition, there are also diapers, bedding, shoes, socks, dolls and accessories for toddlers under the trademarks absorba and CADEAU.

### Leather Goods

These products are manufactured for men and women, consisting of wallets, handbags and belts under the trademarks ARROW, EXCELLENCY, GETAWAY, Guy Laroche, Guy Guy Laroche, JEAN-LOUIS SCHERRER, DAKS, LOUIS FONTAINE, bsc, MORGAN and lollipops.

In addition to the manufacture and distribution of products under the abovementioned trademarks, the Company also manufactures various other products under trademarks of foreign customers for exports, and manufacture uniforms, Buddhist monk triple robes, white robes for practice of dharma as well as Green Living Products under the SRIDA brand.

## Group Revenue Structure

| Divided by the Company and Subsidiary Companies |                           |                   |          |        |          |        |          | (Unit : Million Baht) |  |
|---|---------------------------|-------------------|----------|--------|----------|--------|----------|-----------------------|--|
| Product   | Operated By               | % of Shareholding | 2015     | %      | 2014     | %      | 2013     | %                     |  |
| Fashion Goods                                   | Thanulux PLC.             | -                 | 1,808.23 | 87.13  | 1,906.04 | 87.73  | 2,035.94 | 88.33                 |  |
| Fashion Goods                                   | S. Apparel Co. Ltd.       | 80.00             | 72.17    | 3.48   | 77.32    | 3.56   | 69.89    | 3.03                  |  |
| Fashion Goods                                   | Celebrate wealth Co. Ltd. | 87.76             | 160.01   | 7.71   | 160.13   | 7.37   | 166.32   | 7.22                  |  |
| Fashion Goods                                   | T-Chamber Co. Ltd.        | 99.99             | 34.94    | 1.68   | 29.18    | 1.34   | 32.65    | 1.42                  |  |
| Total Sales Revenue                             |                           |                   | 2,075.35 | 100.00 | 2,172.67 | 100.00 | 2,304.80 | 100.00                |  |

| Divided into Sources of Revenue |               |                   |          |        |          |        |          | (Unit : Million Baht) |  |
|---------------------------------|---------------|-------------------|----------|--------|----------|--------|----------|-----------------------|--|
| Product                         | Sales Revenue | % of Shareholding | 2015     | %      | 2014     | %      | 2013     | %                     |  |
| Fashion Goods                   | Domestic      |                   | 1,378.06 | 66.40  | 1,425.74 | 65.62  | 1,525.11 | 66.17                 |  |
| Fashion Goods                   | Export        |                   | 697.29   | 33.60  | 746.93   | 34.38  | 779.69   | 33.83                 |  |
| Total Sales Revenue             |               |                   | 2,075.35 | 100.00 | 2,172.67 | 100.00 | 2,304.80 | 100.00                |  |

## Company Revenue Structure

| Thanulux Public Company Limited |  |  |          |        |          |        |          | (Unit : Million Baht) |  |
|---------------------------------|--|--|----------|--------|----------|--------|----------|-----------------------|--|
| Sales Revenue                   |  |  | 2015     | %      | 2014     | %      | 2013     | %                     |  |
| -Finished garments              |  |  | 1,160.09 | 61.08  | 1,223.39 | 61.82  | 1,301.43 | 61.71                 |  |
| - Leather goods                 |  |  | 739.28   | 38.92  | 755.61   | 38.18  | 807.61   | 38.29                 |  |
| Total                           |  |  | 1,899.38 | 100.00 | 1,979.00 | 100.00 | 2,109.04 | 100.00                |  |

## Marketing and Competition

### Marketing Strategy

#### Domestic Market

The Company has a marketing policy which focuses on building satisfaction for target customers, as follows:

1. **Product Aspect** There is an emphasis on research and development of product quality, from the selection of raw materials to product design and up-to-standard meticulous tailoring in order to building satisfaction and best responding to customer needs. Products regularly undergo market tests and consumer researches. In the past year, the Company introduced goods with new innovations, such as
  - The Extra Dry innovation for shirts under the Guy Laroche brand, being an innovation which helps spread humidity on the fabric for faster evaporation. This innovation is particularly suitable for the tropical climate. The wearer would experience comfort and dryness.
  - The Anti Bacterial innovation for polo shirts under the Guy Laroche brand, being an innovation which prevents bacterial buildup on fabric. Thailand's tropical climate promotes bacterial growth, which constitutes a cause for undesirable odour.
  - ARROW shirts have introduced the "ARROW WRINKLE FREE... NO IRON, smart... without iron". This shirt does not require any ironing. The user only has to wash, flick, hang and wear, saving valuable time which is better spent with loved ones whilst also conserving energy consumption from ironing.
2. **Price Aspect** The Company applies a pricing policy which is consistent with the products' qualities and values. The Company also endeavors to expand product price bases to cover several customer groups, i.e. from premium priced goods for international brands to medium-low priced goods for House or Private Label brands in order to ensure customer satisfaction in products and services that are commensurate to the prices paid.
3. **Distribution Aspect** The Company and distributors have cooperated in increasing the knowledge of salesperson on products and services to ensure customer satisfaction of the advice given by them. Visual merchandising displays have also been developed to offer an attractive display of products and to clearly communicate product concepts to customers. Furthermore, the Company has applied the QRMS (Quick Response Marketing/ Merchandising System) to market planning of goods in order to meet the demands of consumers, including develop an effective products delivery system in order to distribute products to the consumers rapidly.
4. **Sales Promotion Aspect** There is a focus on advertising to promote the image of product logos. New products are also introduced by various media, e.g. advertisings on television, magazines, newspapers, internet, catalogues, brochures, online and fashion shows.

**Target Customer Group.** The Company manufactures products for distribution to several consumer groups. Product concepts for brands vary according to the consumer group, e.g. business men, teenagers, etc.

#### Distribution and Distribution Channels

1. The Company has appointed distributors to distribute goods in departmental stores or modern trade stores.
2. Online distributions.
3. Factory Outlet distributions.
4. Direct sales to customers making uniform tailoring orders, i.e. private companies, financial institutions, government agencies and state enterprises.



## Foreign Markets

1. **Product Aspect** Focus on high quality products and the development of products with aesthetic qualities in trend with the rapidly changing fashion in order to meet the demands of customers.
2. **Price Aspect** The Company applies a pricing policy which is competitive in the same market level and appropriate for the product quality.
3. **Sales Promotion Aspect** The Company engages in a proactive marketing strategy by collaborating with companies in the Saha Group in holding the Saha Group Fair Trade Export Exhibition annually with both domestic and foreign business partners invited. In the past year, the event was visited by a large number of domestic and foreign business partners. Furthermore, the Company also participated in trade exhibitions held by the Department of Export Promotion, e.g. BIFF & BILF (Bangkok International Fashion Fair & Bangkok International Leather Fair). Also, the Company has organized "In House Exhibition" twice annually to let business partners have a look and order products for the new season.

**Target Customer Group.** Customers are distributing companies and/or trademark owners in the United States of America, Europe, Asia, ASEAN and Japan.

## Industrial and Competition Trends

The textile and garment industry in the first eight months of this year saw a decline in exports by 8%. In the last quarter, however, more purchase orders were placed, with positive export growth, due to seasonal factors. As a result, negative growth for the entire year of 2015 was 5-6%. Exports of clothing to neighbouring countries remains on the rise, compensating for decreasing exports to the United States of America and Europe, while exports to Japan are stable.

Domestic markets benefit from various economic stimuli implemented by the government. At the same time, the Textile Development Institute attaches more importance to the domestic market by promoting the use of domestic raw materials by operators. Remarkable advancements have been achieved in certain goods. In recent periods, Thai operators in the textile and garment industry have collaborated with transnational companies to develop premium clothing manufactured delicately, carrying a higher price in Thailand, e.g. football shirts of several teams.

A long-term 15-year strategy for driving the textile industry from 2016 to 2030 has been established, in line with the National Plan of Action for Industrial Development. Three different target phases were set, namely:

**Phase 1:** In 2016, Thailand will be established as the regional centre for trade and sourcing of fashion textiles. The scope of industry will be expanded to incorporate ASEAN business operators by eliminating trade barriers and establishing a centre for ASEAN Business.

**Phase 2:** In 2021, Thailand will be established as a centre for design and development of solutions for international brands. Advantage will be taken of Thailand's efficient infrastructure and human resource which are suitable for establishing head offices and regional offices. Thailand can also act as a gateway for distributing goods to the Asian, ASEAN and South Asian regions.

**Phase 3:** In 2030, Thailand will attain the status of a leader in global fashion culture and innovation influence. Strong contemporary cultural capital will be integrated into relevant industries.

These achievements may be attained upon development in market positions and the building of a global design and trade forum in Thailand. Technical assistance should be applied to trade and investments. Standards of manufacturing textiles and garments in Thailand should be promoted as reference standards. Contemporary cultural capital with regard to fashion and textiles should be integrated into relevant goods and cultural services, such as food, sports, films, etc. These goods and services should then be exported to ASEAN countries, and trade exhibitions for major goods should be held in Thailand (World Class Market Place).

### Competitiveness

The Company is confident that it remains competitive after taking into account the following factors:

1. The Company has a distributor which has strengths in regard to sales, marketing and good relations with departmental stores.
2. The Company has products which are brand leaders in both the domestic and foreign markets, e.g. ARROW, Guy Laroche, DAKS, ELLE HOMME and absorba.
3. The Company has domestic and foreign business allies who will support the principal business of the Company, in regard to raw materials, manufacturing techniques and technology, information and the changing fashion trends.
4. The Company has a unit for the research and development of raw material quality and products, which enables to regular modernization and quality upgrades of products and raw materials pursuant to market needs.
5. The Company has installed the International Quality Standard ISO9001 along with an internal monitoring group to secure confidence of the Company's product quality.
6. The Company has installed the International Quality Standard ISO14001 along with an internal monitoring group to ensure that the Company constantly operates in accordance with the standard.
7. The Company has complied with Thai labour standards, thus maintaining the workers' high morale.

## PROMOTIONAL PRIVILEGES

By virtue of the Investment Promotion Act, B.E. 2520, the Company has been granted some promotional privileges from the Board of Investment (BOI) as follows:-

|     |  |                                  |  |                     |  |
|-----|--|----------------------------------|--|---------------------|--|
| 1.  | Promotional certificates No.   | 1329(1)/2544                     | 1604(2)/2550                           | 1627(2)/2554        | 1628(2)/2554                           |
| 2.  | Dates of promotional certificates  | 2/5/2001                         | 18/6/2007                              | 31/5/2011           | 31/5/2011                              |
| 3.  | The first receiving revenues dates   | 1/2/2003                         | 1/10/2007                              | 4/5/2011            | 2/9/2011                               |
| 4.  | The type of business promoted  | Textile or fragment              | Leather products or artificial leather | Textile or fragment | Leather products or artificial leather |
| 5.  | Important privileges which are granted:-   |                                  |  |                     |  |
| 5.1 | Exemption from corporate income tax on net profit from promotional operations, commencing from the first receiving revenue date.                       | 8 years<br>(Expired on 31/1/11)  | 8 years<br>(Expired on 31/12/11)       | 8 years             | 8 years                                |
| 5.2 | Exemption from income tax on dividends from promoted business which was exempted from income tax in 5.1.   | 8 years<br>(Expired on 31/1/11)  | 8 years<br>(Expired on 31/12/11)       | 8 years             | 8 years                                |
| 5.3 | Reduction of the corporate income tax on net profit from promoted business at 50% of normal rate after the end of exemption period.                    | 5 years                          | 5 years                                | 5 years             | 5 years                                |
| 5.4 | Double deduction of expenses for utilities (electricity, water and transportation) for the year.   | 10 years<br>(Expired on 31/1/13) | 10 years                               | 10 years            | 10 years                               |
| 5.5 | Exemption from corporate income tax for amounts not exceeding<br>(Adjustable to capital investment amount excluding cost of land and working capital). | -                                | Baht 25.85 million                     | Baht 40.98 million  | Baht 67.60 million                     |

As a promoted entity, the Company must strictly comply with certain terms and conditions stipulated in the promotional certificates.

## Procurement of Goods and Services

The Company procures almost goods internally. The remaining few items procured externally are under quality controls of the Company. In all events, the Company employs technology alongside manpower skills in manufacturing in order to attain quality goods, including the use of ISO 9001 quality management system.

Number of manufacturing facilities, premises of the Company and production capacity.

| Operators                             | Location  | Category      | Production capacity (unit) per year |
|---------------------------------------|---|---------------|-------------------------------------|
| Thanulux Public Company Limited       | 129/1 Chongnonthri Road, Chongnonthri, Yannawa, Bangkok   | Garment       | 1,099,200                           |
|                                       |   | Leather goods | 360,000                             |
|                                       | 99/3 Moo 5 Saha Group Industrial Park-Lamphun, Paa-sak, Muang Lamphun, Lamphun                    | Leather goods | 1,032,000                           |
|                                       | 125 Moo 5 Saha Group Industrial Park-Kabinburi, Suwannasorn Road, Nonthri, Kabinburi, Prachinburi | Garment       | 1,440,000                           |
| Subsidiary company S.Apparel Co., Ltd | 4/2 Moo 8 Bangna-Trad Road Km.18, Bangchalong, Bangplee, Samutprakarn                             | Garment       | 420,000                             |
| Total                                 |   |               | 4,351,200                           |

Production capacity and actual production separated by product category

(unit: pieces)

|                                | Subsidiary company |         |         | Thanulux Public Company Limited |           |           |
|--------------------------------|--------------------|---------|---------|---------------------------------|-----------|-----------|
|                                | 2015               | 2014    | 2013    | 2015                            | 2014      | 2013      |
| <b>Production capacity</b>     |                    |         |         |                                 |           |           |
| Finished garments              | 420,000            | 420,000 | 420,000 | 2,539,200                       | 2,539,200 | 3,750,000 |
| Leather goods                  | -                  | -       | -       | 1,392,000                       | 1,392,000 | 1,680,000 |
| Total                          | 420,000            | 420,000 | 420,000 | 3,931,200                       | 3,931,200 | 5,430,000 |
| <b>Actual production</b>       |                    |         |         |                                 |           |           |
| Finished garments              | 338,160            | 369,540 | 350,867 | 2,266,145                       | 2,239,149 | 2,563,023 |
| Leather goods                  | -                  | -       | -       | 1,094,782                       | 1,155,433 | 1,232,162 |
| Total                          | 338,160            | 369,540 | 350,867 | 3,360,927                       | 3,394,582 | 3,795,185 |
| Capacity utilization (%)       | 80.51              | 87.98   | 85.83   | 85.49                           | 86.35     | 69.89     |
| Output increase (decrease) (%) | (8.49)             | 5.32    | (31.86) | (0.99)                          | (10.56)   | (15.53)   |

### Procurement of raw materials and proportion of raw materials purchased

The principal raw materials used for production by the Company consist of finished woven textiles, finished knitted textiles and finished tanned leather. Secondary raw materials consist of weaving threads, buttons, zips, raw material components of finished garments, metal components in the categories of belt buckles, loops, logos, components of leather products and raw materials used in packaging, such as bags, paper labels and boxes. The proportion of procurement from domestic sources and foreign imports are 70% and 30% respectively. Imports are obtained from countries such as Italy, France, Australia, United States of America, China, Hong Kong, Japan and Korea. Domestic procurements are obtained through purchases from major producers with standard governance and production control systems. In addition, the Company has invested in major producers in order to establish production facilities and develop raw materials in Thailand, e.g. Thai Shikibo Company Limited, producer of thread for weaving textiles, Erawan Textiles Company Limited, producer of threads and woven fabric, SSDC (Tigertex) Company Limited, producer of cleaned, dyed and finished fabric, Thai Gunze Company Limited, producer of stretched fabric, Textile Prestige Public Company Limited, producer of stretched fabric, laces and elastic bands, Thai Staflex Company Limited, producer of lining fabric, Thai Naxis Company Limited, producer of woven product labels, and Fujix International Company Limited, producer of sewing threads of Japanese quality standard. These investments were made with a view to promoting competitiveness and continual product development. In all events, the Company has implemented a control and assessment system for suppliers and subcontractors pursuant to ISO 9001 in order to ensure that production and labour practices meet international standards. Furthermore, the Company chooses trading partners which operate businesses ethically, comply with the law, account for stakeholders, respect human rights, are mindful of the environment and collaborate in the fight against corruption.

As regards the risks of change in the price of raw materials, especially the global price of cotton, the year 2015 saw only minor changes. Nevertheless, upstream operators in Saha group have shown competence in managing the price of fabric and raw materials to normal levels. Also, the Company has had comprehensive and transparent plans for purchases, thus impact was minimal. At the same time, the Company has undertaken continual research and development of raw materials, such as the development of innovative fabric, development of new raw materials as alternatives to existing raw materials, development of production techniques, and control and testing of raw material quality before application to the production process. As a consequence, procurements have been able to manage costs and control raw material inventories efficiently.



## Risk Factors

The Risk Management Committee is charged with the duty of overseeing the organization's risks within the risk perimeters. Meetings are held every quarter to set risk management policies, as well as to assess and analyze internal and external risks that may impact the Company. Risk management processes are also established along with an operational plan for risk minimization. The Risk Management Committee continually monitors risk management outcomes and files a quarterly progress report to the Board of Directors. Risks affecting the Company operations may be summarized as follows:

### 1. Management of Distribution Channels

The Company operates the business of producing finished garments and leather goods. More than 50 percent of purchase orders are made by a principal trading partner who distributes products through departmental stores. If the trading partner is affected by economic or political conditions, competition or other factors, there could also be an impact on the Company's sales volumes. Hence, the following Action Plan has been established:

- 1.1 Collaboration with trading partners to diversify product distribution channels, such as TV Shopping and online sales, with particular focus on the development of products, forms, quality and prices that match the needs of target groups in each channel.
- 1.2 Manufacture of House Brand products sold directly to consumers in free standing stores and factory outlets. Special uniform design and tailoring services are also offered as a way of increasing product distribution channels.

### 2. Survey of Changes in Consumer Behavior

Consumer behaviors are currently evolving. There has been a weakening of brand loyalty due to changing circumstances, fast and innovative means of communications, including businesses and services that have influenced consumer spending behavior pursuant to contemporary trends. Spending has become more intricate, leading to more intense competition. As a consequence, the following Action Plan has been provided:

- 2.1 There has been collaboration with trading partners in conducting consumer behaviour surveys and Focus Groups where customer target groups were invited in order to collect data on customer opinions, satisfaction level as well as other needs prior to manufacture and post-sale of goods. These data were then applied to the development of new products that meet consumer needs and match the lifestyle of all age groups, both in terms of function and fashion, with emphasis on proper fundamental quality.
- 2.2 Great importance is attached to customer satisfaction. The Company aims to create innovations in parallel with continuing surveys of consumer behavior and needs in order to develop products aligned to the needs of consumers.

### 3. Exchange Rate Management

Due to exchange rate fluctuations, the Risk Management Working Group has formulated an exchange rate risk management policy, as follows:

- 3.1 Receipt of payment for goods in several foreign currencies in order to diversify risks in the event that the Company purchases raw materials from other countries and sell goods overseas under the same currency. This creates a balance of receipts and expenditures, thus a natural hedge.
- 3.2 Use of financial instruments to hedge risks. Forward contracts of foreign currencies are executed at the appropriate time periods. News and information on currency situations are also closely monitored to identify trends and manage such risks.

### 4. Investments in Financial Markets

The Company has invested in financial markets, e.g. government bonds, state enterprise bonds, commercial bank deposits or deposits with special financial institutions, debentures and financial instruments, as well as mutual

funds. These investments ensure that the Company's capital is exposed to a level of risk and generates return in accordance with the Target Risk Return Profile. In this regard, an Asset-Liability Management Committee has been established to prescribe investment rules and perform the function of managing the investment portfolio, as well as to effectively and efficiently oversee the Company's liquidity pursuant to the stipulated criteria.

## 5. Management of Human Resource Potentials to Promote Competitiveness

The Company appreciates the significance of human resource management and development in line with the organization's growth trends and to gear readiness for internal and external changes. At present, the textile industry is facing the challenge of textile personnel shortage. As a consequence, a human resource risk management plan has been formulated, as follows:

- 5.1 Recruitment and selection of personnel in key positions to prepare for the organization's growth.
- 5.2 Participation in the Sahapat's Group Collaboration Scheme to build textile personnel with Rajamangala University of Technology Krungthep and textile companies within the Sahapat Group to prepare for future business growth.
- 5.3 Formulation of a personnel development plan which focuses on the development of personnel in each group to prepare for the organization's growth, e.g. development high potential personnel, development of key agency personnel, development of business personnel, and development of manufacturing personnel, especially technical experts in the field of leather goods. In any case, the outcome of these development schemes have been continually monitored, and high performing personnel have been retained in the organization to ensure sustained business growth.

## 6. ASEAN Free Trade Policy

Pursuant to the ASEAN Community free trade policy which will have full effect in 2016, it is expected that movement of goods, services, investments, capital and skilled labour will be liberalized. All ASEAN goods will be imported into Thailand freely. The Company would be affected by the free movement of labour and wages that are lower than Thailand, as well as tax privileges and greater competition in both domestic and foreign markets.

Nonetheless, the Company believes that the liberalization of ASEAN trade in 2016 presents a good opportunity. Hence, a plan has been developed for expansion in to foreign markets using reputable brands of the Company to penetrate ASEAN countries. Plans have also been devised to expand manufacturing bases to neighboring countries to reap the benefits of lower wages whilst maintaining the quality of goods, continuing innovations of raw materials and goods, upgrading of quality of goods and services for customers, development and enhancement of skills, knowledge and competencies of personnel in the organization, including tax benefits obtained from importing raw materials from ASEAN countries.

## 7. Natural Disasters and Terrorism

The Company has formulated a prevention and risk mitigation plan for contingencies relating to fire and flood. As regards fire, there is a plan for training and campaign for prevention, fire extinguishing and escape drills, installation of a warning system and automatic fire extinguishing system, inspections and upgrades of prevention tools to maintain operating conditions. In any event, the Company has protected against possible loss by taking an insurance policy to cover the Company's properties. As for the reduction and diversification of risks from flooding, there is a Working Group which implements measures to prevent, supervise and remedy flood situations before the event, during the event and after the event. In the past, a survey has been undertaken on the equipment, tools and machinery used for production of goods, as well as computer servers, in spots or areas that have been identified as being at risk. Improvements and modifications were made, and computer servers and computer labs have also been relocated from flood-risk areas.

## General information and Reference

### General Information

Thanulux Public Company Limited Registered No. Bor Mor Jor. 0107537001358

|                          |   |   |
|--------------------------|---|---|
| Type of Business         | : | Manufacturer of garment and leather goods   |
| Head Office              | : | 129/1 Chongnonthri Road, Chongnonthri, Yannawa, Bangkok 10120   |
| Home Page                | : | www.thanulux.com  |
| TEL.                     | : | 0-2295-0911-9, 0-2295-4171-80, 0-2681-3441-50   |
| FAX                      | : | 0-2294-5101, 0-2294-5918, 0-2294-0794   |
| Customer Relation Center | : | 0-2295-0911-9, 0-2295-4171-80, 0-2681-3441-50 Ext. 101  |
| E-mail                   | : | Company Secretary and Investor Relations : supachoke@thanulux.com<br>Internal Audit Department : audit@thanulux.com<br>Customer Relation Center : crcenter@thanulux.com |
| Registered capital       | : | Baht 120 Million divided into 120 Million shares, fully paid  |

### Reference

#### Share Registrar

Thailand Securities Depository Company Limited

No.93 Rachadaphisek Road, Dindaeng, Bangkok 10400, Thailand

|                    |   |                            |
|--------------------|---|----------------------------|
| TEL.               | : | 0-2009-9000                |
| FAX                | : | 0-2009-9991                |
| SET Contact Center | : | 0-2009-9999                |
| Website            | : | http://www.set.or.th/tsd   |
| E-mail             | : | SETContactCenter@set.or.th |

### Auditor

ASV & Associates Limited

47 Soi 53, Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120

|      |   |                         |
|------|---|-------------------------|
| TEL. | : | 0-2294-8504, 02294-8587 |
| FAX  | : | 0-2294-2345             |

By Mr. Anusorn Kiatgungwalgri

Certified Public Accountant registration no. 2109, and/or

Mrs. Kwunjai Kiatgungwalgri

Certified Public Accountant registration no. 5875, and/or

Ms. Susan Eiamwanicha

Certified Public Accountant registration no. 4306

## Investments in other companies

Investments in companies which Thanulux Public Company Limited holds at 10% and over of the issued shares as follows:

| Company Name/Address   | Type of Business                     | Type of Share | Issued Shares | Shares Hold | % of Shares Hold | Amount (Baht) |
|--|--------------------------------------|---------------|---------------|-------------|------------------|---------------|
| <b>DISTRIBUTING COMPANIES</b>  |                                      |               |               |             |                  |               |
| 1. T-Chamber Co., Ltd.<br>129/1 Chongnonthri Rd.,<br>Chongnonthri,<br>Yannawa, Bangkok<br>Tel : 0-2295-4171-9<br>Fax : 0-2294-5101   | Apparel                              | Ordinary      | 100,000       | 99,998      | 99.99            | 9,999,391.55  |
| 2. Celebrate Wealth Co., Ltd.<br>129/1 Chongnonthri Rd.,<br>Chongnonthri,<br>Yannawa, Bangkok<br>Tel : 0-2294-9505<br>Fax : 0-2294-9506  | Apparel                              | Ordinary      | 850,000       | 746,000     | 87.76            | 69,235,995.20 |
| 3. Miwaki SDN. BHD.<br>37B, Jalan SS22/23,<br>Damansara Jaya,<br>47400 Petaling<br>Jaya Selangor Darul<br>Ehsan, Malaysia<br>Tel : (03) 719-4381<br>Fax : (03) 719-5399  | Apparel                              | Ordinary      | 1,000,000     | 190,000     | 19.00            | 2,481,039.21  |
| 4. Miwaki Philippines, Inc.<br>25/F Yuchengco Tower,<br>RCBC Plaza,<br>6819 cor. Ayala & Sen.<br>Gil Puyat Avenues,<br>Makati City, Philippines<br>1200<br>Tel : (632) 753-4791-2<br>Fax : (632) 753-4794                        | Apparel                              | Ordinary      | 20,800,000    | 3,952,000   | 19.00            | 3,317,590.00  |
| 5. International Commercial<br>Coordination<br>(Hong Kong) Limited<br>Room 408, 4/F., Hope Sea<br>Industrial Centre, 26 Lam<br>Hing Street, Kowloon Bay,<br>Kowloon, Hong Kong<br>Tel : (852) 2756-5622<br>Fax : (852) 2753-8631 | Apparel                              | Ordinary      | 20,000        | 3,600       | 18.00            | 2,290,638.85  |
| 6. Wise Winner Co., Ltd.<br>129/1 Chongnonthri Rd.,<br>Chongnonthri,<br>Yannawa, Bangkok<br>Tel : 0-2295-4171-9<br>Fax : 0-2294-5101   | Clothing<br>and<br>Sporting<br>Goods | Ordinary      | 100,000       | 18,000      | 18.00            | 1,800,000.00  |



|     | Company Name/Address  | Type of Business | Type of Share | Issued Shares | Shares Hold | % of Shares Hold | Amount (Baht) |
|-----|---|------------------|---------------|---------------|-------------|------------------|---------------|
| 7.  | Morgan De Toi (Thailand) Ltd.<br>129/1 Chongnonthri Rd.,<br>Chongnonthri,<br>Yannawa, Bangkok<br>Tel : 0-2295-1737,<br>0-2295-1730<br>Fax : 0-2294-1757 | Apparel          | Ordinary      | 400,000       | 64,000      | 16.00            | 6,400,597.59  |
| 8.  | Paknumpo Wattana Co., Ltd.<br>310/47-50 Sawanvithi Rd.,<br>Paknumpo,<br>Muang, Nakornsawan<br>Tel : (056) 222-354,<br>223-683<br>Fax : (056) 223-683    | Apparel          | Ordinary      | 10,000        | 1,400       | 14.00            | 1,037,442.00  |
| 9.  | Intanin Chiangmai Co., Ltd.<br>162/2 Changklan Rd.,<br>Changklan Muang, Chiang-<br>mai<br>Tel : (053) 274-514-15,<br>282-598-9<br>Fax : (053) 282-358   | Apparel          | Ordinary      | 5,000         | 625         | 12.50            | 2,781,362.50  |
| 10. | Koraj Wattana Co., Ltd.<br>3/44-47 Troksoathong,<br>Mukamontree Rd.,<br>Muang, Nakhonratsima<br>Tel : (044) 253-772<br>Fax : (044) 261-556-9            | Apparel          | Ordinary      | 10,000        | 1,250       | 12.50            | 1,527,575.00  |
| 11. | Sun & Sand Co., Ltd.<br>74/220-224 Phoon-pon Rd.,<br>Muang, Phuket<br>Tel : (076) 213-137,<br>223-984-5<br>Fax : (076) 213-137                          | Apparel          | Ordinary      | 10,000        | 1,250       | 12.50            | 1,498,637.50  |
| 12. | Intersouth Co., Ltd.<br>229-231 Dhamnoonvithi Rd.,<br>hadyai Songkhla<br>Tel : (074) 243-850,<br>245-019<br>Fax : (074) 356-339                         | Apparel          | Ordinary      | 10,000        | 1,250       | 12.50            | 4,285,612.50  |
| 13. | Eastern I.C.C. Co., Ltd.<br>90/5-6, 8 Moo 4, Pipit Rd.,<br>Bangsai, Muang, Chonburi<br>Tel : (038) 285-194<br>Fax : (038) 285-194                       | Apparel          | Ordinary      | 10,000        | 1,250       | 12.50            | 2,938,062.50  |

| Company Name/Address   | Type of Business | Type of Share | Issued Shares | Shares Hold | % of Shares Hold | Amount (Baht) |
|--|------------------|---------------|---------------|-------------|------------------|---------------|
| 14. Maharachapreuk Co., Ltd.<br>470/7 Praaongdam Rd.,<br>Muang, Phitsanulok<br>Tel : (055) 212-288-90<br>Fax : (055) 212-288 | Apparel          | Ordinary      | 10,000        | 1,200       | 12.00            | 415,584.00    |

## SERVICE COMPANIES

|  |   |          |            |           |       |               |
|--|---|----------|------------|-----------|-------|---------------|
| 1. SSDC (Tigertex) Co., Ltd.<br>111 Moo 5, Nonthri,<br>Kabinburi, Prachinburi<br>Tel : (037) 281-930,<br>281-932<br>Fax : (037) 281-937                        | Bleaching,<br>Dyeing Fabric<br>and Yarn | Ordinary | 32,400,000 | 6,144,600 | 18.96 | 68,634,718.97 |
| 2. S.T.G.C. Co., Ltd.<br>930/1 Soi Pradoo 1,<br>Sathupradit Rd.,<br>Bangklo, Bangkorleam,<br>Bangkok<br>Tel : 0-2289-3100,<br>0-2291-0851<br>Fax : 0-2291-1788 | Research and<br>Develop<br>Business     | Ordinary | 25,000     | 3,250     | 13.00 | 325,000.00    |

## MANUFACTURING COMPANIES

|  |             |          |         |         |       |               |
|--|-------------|----------|---------|---------|-------|---------------|
| 1. S. Apparel Co., Ltd.<br>4/2 Moo 8, Bangna-Trad Rd.,<br>KM.18 Bangchalong,<br>Bangplee, Samutprakarn<br>Tel : 0-2337-1657-8<br>Fax : 0-2337-1659 | Garment     | Ordinary | 360,000 | 287,999 | 80.00 | 27,729,894.75 |
| 2. Total Way Image Co., Ltd.<br>129/1 Chongnonthri Rd.,<br>Chongnonthri,<br>Yannawa, Bangkok<br>Tel : 0-2295-4171-9<br>Fax : 0-2294-5101           | Leatherware | Ordinary | 200,000 | 38,000  | 19.00 | 7,132,316.93  |
| 3. Thai Monster Co., Ltd.<br>129/1 Chongnonthri Rd.,<br>Chongnonthri,<br>Yannawa, Bangkok<br>Tel : 0-2295-4171-9<br>Fax : 0-2294-5101              | Garment     | Ordinary | 200,000 | 38,000  | 19.00 | 5,548,942.47  |

|    | Company Name/Address   | Type of Business                    | Type of Share | Issued Shares | Shares Hold | % of Shares Hold | Amount (Baht)  |
|----|--|-------------------------------------|---------------|---------------|-------------|------------------|----------------|
| 4. | Thai Naxis Co., Ltd.<br>222 Moo 5, Suwannasorn Rd., Nonthri, Kabinburi, Prachinburi<br>Tel : (037) 205-145-7<br>Fax : (037) 205-229              | Label                               | Ordinary      | 200,000       | 38,000      | 19.00            | 4,700,000.00   |
| 5. | International Leather Fashion Corp., Ltd.<br>129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok<br>Tel : 0-2295-4171-9<br>Fax : 0-2294-5101  | Leatherware                         | Ordinary      | 500,000       | 90,000      | 18.00            | 8,810,100.00   |
| 6. | Erawan Textile Co., Ltd.<br>49 Moo 3<br>Poochaosamingprai Rd., Samrongtai, Prapradaeng, Samutprakarn<br>Tel : 0-2183-3898-9<br>Fax : 0-2183-3916 | Spun yarn and fabrics manufacturing | Ordinary      | 6,214,634     | 922,468     | 14.84            | 117,726,177.91 |
| 7. | Champ Ace Co., Ltd.<br>3885/2 Bangklo, Bangkor-learn, Bangkok<br>Tel : 0-2291-2533-4<br>Fax : 0-2291-2537  | Garment                             | Ordinary      | 400,000       | 60,000      | 15.00            | 6,000,000.00   |
| 8. | People's Garment Public Co., Ltd.<br>666 Rama 3 Rd., Bangpongpan, Yannawa, Bangkok<br>Tel : 0-2685-6500<br>Fax : 0-2294-5159                     | Garment                             | Ordinary      | 96,000,000    | 13,484,000  | 14.05            | 52,683,587.15  |
| 9. | Thai Takaya Co., Ltd.<br>129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok<br>Tel : 0-2295-4171-9<br>Fax : 0-2294-5101                      | Jeans                               | Ordinary      | 300,000       | 33,000      | 11.00            | 3,300,000.00   |

## Shareholder

### Registered and Paid-Up Capital

- As of 30<sup>th</sup> December 2015, Thanulux Public Company Limited had a registered capital of Baht 120 million, of which Baht 120 million had been fully paid-up. The capital is divided into 120 million shares at a par value of Baht 1 per share.
- Other types of share issue with rights or conditions differing from ordinary shares, e.g. preference shares:  
- none -

Largest 10 Major Shareholders as of 30<sup>th</sup> December 2015

| Name of shareholder                | Number of shares | %       |
|------------------------------------|------------------|---------|
| 1. Saha Pathana Inter-Holding Plc. | 28,220,820       | 23.517  |
| 2. I.D.F. Co., Ltd.                | 16,000,000       | 13.333  |
| 3. Ramasorn Thaveekarn Co., Ltd.   | 14,930,940       | 12.442  |
| 4. I.C.C. International Plc.       | 13,307,040       | 11.089  |
| 5. Mr. Samrerng Manoonpol          | 11,141,780       | 9.285   |
| 6. Mr. Boonsithi Chokwatana        | 4,655,220        | 3.879   |
| 7. Watsadoramai Co., Ltd.          | 2,800,000        | 2.333   |
| 8. Miss Sirikul Dhanasarnsilp      | 2,272,580        | 1.894   |
| 9. Mrs. Sirina Pavarolarvidya      | 1,930,540        | 1.609   |
| 10. Universe Beauty Co., Ltd.      | 1,738,000        | 1.448   |
| Total Ten Major Shareholders       | 96,996,920       | 80.829  |
| Total Shareholders                 | 120,000,000      | 100.000 |

Note : Investors may consult to the updated shareholders' information from the Company website, [www.thanulux.com](http://www.thanulux.com), prior to the 42<sup>nd</sup> General Meeting of Shareholders.

Distribution of Shareholding as at the Book Closing Date on 30<sup>th</sup> December 2015, Categorized According to Type of Shareholder

| Type of Shareholders   | No. of Shareholders | No. of Shares | %      |
|------------------------|---------------------|---------------|--------|
| <b>Legal entity</b>    |                     |               |        |
| Thai nationality       | 35                  | 81,653,940    | 68.05  |
| Foreign nationality    | 0                   | 0             | 0.00   |
| Total legal entity     | 35                  | 81,653,940    | 68.05  |
| <b>Ordinary person</b> |                     |               |        |
| Thai nationality       | 651                 | 38,304,400    | 31.92  |
| Foreign nationality    | 4                   | 41,660        | 0.03   |
| Total ordinary person  | 655                 | 38,346,060    | 31.95  |
| Total                  | 690                 | 120,000,000   | 100.00 |



Distribution of Shareholding as at the Book Closing Date on 30<sup>th</sup> December 2015, Categorized According to Amount of Shareholding

| Range of shareholding | No. of Shareholders | %      | No. of Shares | %        |
|-----------------------|---------------------|--------|---------------|----------|
| 1 - 100               | 148                 | 21.45  | 5,326         | 0.0044   |
| 101 - 1,000           | 116                 | 16.81  | 53,617        | 0.0447   |
| 1,001 - 5,000         | 164                 | 23.77  | 482,687       | 0.4022   |
| > 5,000               | 262                 | 37.97  | 119,458,370   | 99.5486  |
| Total                 | 690                 | 100.00 | 120,000,000   | 100.0000 |

3. There is no agreement between major shareholders on matters affecting the issue and offer of securities or management of the Company
4. Issue of other securities, e.g. debentures or convertible securities  
- none -

## Dividend Policy

Company has a policy of paying dividends to shareholders at the rate of Baht 0.20 per share, which is equivalent to 20 percent of the par value. However, payment is principally subject to the Company's operating results and economic conditions. Dividend payments would be made from net earnings and retained earnings. Dividends would be calculated in proportion to the earnings in the Company operating results (unconsolidated statement). Details of dividend payouts are shown below:

| Thanulux Plc.             | 2015   | 2014  | 2013  | 2012  | 2011  |
|---------------------------|--------|-------|-------|-------|-------|
| Earnings per share (Baht) | 1.58   | 1.79  | 1.88  | 2.50  | 2.25  |
| Dividend per share (Baht) | **0.75 | 0.85  | 0.95  | 1.20  | 1.10  |
| Payout ratio (%)          | 47.36  | 47.45 | 50.47 | 47.92 | 48.93 |

Note \*\* Meeting of the Board of Directors No. 2/2016 adopted a resolution to propose to the General Meeting of shareholders, which is to be held on 26<sup>th</sup> April 2016, the approval of dividend payment at the rate of Baht 0.75 per share.

## Subsidiary Companies.

The Company has a policy whereby subsidiary companies shall pay dividends from net earnings and retained earnings with due regard to the excess cash remaining from normal operations or surplus of capital investments, subject principally to forecasts of future operating results and economic conditions.

# Management and Corporate Governance

Report of Shareholdings of Directors and Executive Officers in Thanulux Public Company Limited as of 31<sup>st</sup> December 2015

unit : share

| Name  |                                | 2014                     |         | Purchase | Sale/<br>Transfer | 2015      | % of<br>shares<br>hold |
|-------|--------------------------------|--------------------------|---------|----------|-------------------|-----------|------------------------|
|       |                                | Directors/<br>Executives | Spouse* |          |                   |           |                        |
| 1.    | Mr. Boonsithi Chokwatana       | 4,655,220                | -       | -        | -                 | 4,655,220 | 3.879                  |
| 2.    | Mrs.Varindr Leelanuwatana      | 561,760                  | 406,240 | -        | 685,320           | 282,680   | 0.236                  |
| 3.    | Mr. Supotch Pakaworawuth       | 13,420                   | -       | -        | -                 | 13,420    | 0.011                  |
| 4.    | Ms. Dusadee Soontrontumrong    | 433,240                  | -       | -        | -                 | 433,240   | 0.361                  |
| 5.    | Ms. Marin Leelanuwatana        | 1,117,960                | -       | -        | -                 | 1,117,960 | 0.932                  |
| 6.    | Mr. Padoong Techasarintr       | -                        | -       | -        | -                 | -         | -                      |
| 7.    | Assoc.Prof. Nares Kesaparakorn | -                        | -       | -        | -                 | -         | -                      |
| 8.    | Mr. Krish Follett              | -                        | -       | -        | -                 | -         | -                      |
| 9.    | Pol.Lt.Gen. Amarin Niemskul    | -                        | -       | -        | -                 | -         | -                      |
| 10.   | Mr. Somphol Chaisiroj          | 70,660                   | -       | -        | -                 | 70,660    | 0.059                  |
| 11.   | Mr. Suchart Layluxsiri         | 5,000                    | -       | -        | -                 | 5,000     | 0.004                  |
| 12.   | Dr.M.L.Sirapirom Teeraprasert  | 8,000                    | 19,080  | -        | -                 | 27,080    | 0.023                  |
| Total |                                | 6,865,260                | 425,320 | -        | 685,320           | 6,605,260 | 5.504                  |

\*Inclusive of shares held by spouse and children who have not reached legal age.

The amount of securities hold by directors and managements (including their spouses and children under legal maturity) is 6,605,260 shares, equal to 5.50% of total registered capital 120,000,000 shares which is not exceed 25% of the company's sold shares.

Also, the company has required directors and managements to report their shareholding status including those hold by spouses and children under legal maturity within 30 days from the date of appointment as director or management. In case the directors or managements wish to change their shareholding status, they should inform the company secretary 1 day in advance. And shall report to The Securities and Exchange Commission in accordance with article 59 of The Securities and Exchange Act B.E.2535 including inform the company secretary within 3 working days upon completion of the transaction.

## Management structure

The Company has a clear management structure which ensures accountability as well as sufficient checks and balances. The Board of Directors has appointed 5 Company Committees to scrutinize various aspects of the operation and has appointed Executive Officers to take charge of the Company's operational management. The powers, duties and responsibilities of each Company Committee and Managing Director are clearly stated in writing in the Charters. The Company Secretary performs functions prescribed by law and as assigned by the Board of Directors.

### 1. The Board of Directors

There are 9 members of the board of directors who named in the certificate letter of Ministry of Commerce as follows;

- 5 non-executive directors constituting 55.56% (Including 4 independent directors)
- 4 executive directors constituting 44.44%

The Board of Directors oversees operations for the greatest benefit of the Company and shareholders and ensures compliance with law, objects, articles and shareholders' meeting resolutions. The Board of Directors is under an obligation to perform duties responsibly, prudently, honestly and in good faith as a reasonable operator of such business would perform under the same circumstances.

In 2015, the list of Company Directors and positions held in Company Committees may be summarised as follows:

| Name |                    |                 |                      | The Board of Directors | The Audit Committee | The Nominating Committee | The Remuneration Committee | The Risk Management Committee | The Executive Committee |
|------|--------------------|-----------------|----------------------|------------------------|---------------------|--------------------------|----------------------------|-------------------------------|-------------------------|
| 1.   | Mr. Boonsithi      | Chokwatana      | Advisory Director    |                        |                     | Member                   | Chairman                   |                               |                         |
| 2.   | Mr. Varindr        | Leelanuwatana   | Chairman             |                        |                     | Member                   | Member                     |                               | Chairman                |
| 3.   | Mr. Supotch        | Pakaworawuth    | Director             |                        |                     |                          |                            | Member                        | Member                  |
| 4.   | Ms. Dusadee        | Soontrontumrong | Director             |                        |                     |                          | Member                     |                               | Member                  |
| 5.   | Ms. Marin          | Leelanuwatana   | Director             |                        |                     |                          |                            |                               | Member                  |
| 6.   | Mr. Padoong        | Techasarintr    | Independent Director | Chairman               |                     |                          |                            |                               |                         |
| 7.   | Assoc. Prof. Nares | Kesapakorn      | Independent Director | Member                 |                     |                          |                            |                               |                         |
| 8.   | Mr. Krish          | Follett         | Independent Director | Member                 |                     |                          |                            | Chairman                      |                         |
| 9.   | Pol.Lt.Gen.Amarin  | Niemsul         | Independent Director | Member                 |                     |                          |                            |                               |                         |

### Directors representing the Company

2 directors out of the following 5 directors must jointly sign their names, together with the affixing of Company seal, namely

- |                 |               |                |                 |
|-----------------|---------------|----------------|-----------------|
| 1. Mr.Boonsithi | Chokwatana    | 2. Mrs.Varindr | Leelanuwatana   |
| 3. Mr.Supotch   | Pakaworawuth  | 4. Ms.Dusadee  | Soontrontumrong |
| 5. Ms.Marin     | Leelanuwatana |                |                 |

### Curriculum Vitae of Company Directors

Details on the curriculum vitae of Directors may be found under the heading "Information on the Board of Director, Executive, Controller, Company Secretary".

## Board and Committee Meetings

The Board of Directors, Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee and Executive Committee have arranged a schedule of regular meetings for each respective committee one year in advance. Additional notices may be issued for special meetings, as required. Each meeting is accompanied by a clear agenda which separates items for acknowledgement and items for consideration, as well as a regular report on the Company operations. The secretary of each committee would send out notices of meetings together with the agenda and supplemental meeting documents to the directors for acknowledgement in advance in order to enable the directors to carry out adequate studies of the information prior to the meeting. In each meeting, the chairman would give opportunities to all directors to fully debate and express opinions, and to the executives to give explanations and responses to questions. Minutes are recorded in writing. Minutes which have been approved by the committees are systematically archived as evidence for references and ready for inspection.

## Records of directors attending the meeting

In 2015, attendance in each Company Committee may be summarized as follows:

Unit : Time / Year

| List of Directors |                    |                  | Attendance                            |                  |                        |                             |                               |                                  |                            |
|-------------------|--------------------|------------------|---------------------------------------|------------------|------------------------|-----------------------------|-------------------------------|----------------------------------|----------------------------|
|                   |                    |                  | General Meeting of Shareholders No.41 | Directors        | Audit Committee Member | Nominating Committee Member | Remuneration Committee Member | Risk Management Committee Member | Executive Committee Member |
|                   |                    |                  |                                       |                  |                        |                             |                               |                                  |                            |
| 1.                | Mr. Boonsithi      | Chokwatana       | 1/1                                   | 4/5 <sup>1</sup> |                        | 2/2                         | 2/2                           |                                  |                            |
| 2.                | Mrs. Varindr       | Leelanuwatana    | 1/1                                   | 5/5              |                        | 2/2                         | 2/2                           |                                  | 10/12 <sup>3</sup>         |
| 3.                | Mr. Supotch        | Pakaworawuth     | 1/1                                   | 5/5              |                        |                             |                               | 4/4                              | 12/12                      |
| 4.                | Ms. Dusadee        | Soontrontumrong  | 1/1                                   | 5/5              |                        |                             | 2/2                           |                                  | 12/12                      |
| 5.                | Mr. Wichai         | Suthitivanich    | 1/1                                   | 1/1 <sup>4</sup> |                        |                             |                               |                                  | 4/4 <sup>5</sup>           |
| 6.                | Mr. Manu           | Leelanuwatana    | 1/1                                   |                  |                        | 2/2                         |                               |                                  |                            |
| 7.                | Ms. Marin          | Leelanuwatana    | 1/1                                   | 5/5              |                        |                             |                               |                                  | 6/7 <sup>1</sup>           |
| 8.                | Mr. Padoong        | Techasarintr     | 1/1                                   | 5/5              | 12/12                  |                             |                               |                                  |                            |
| 9.                | Assoc.Prof. Nares  | Kesaparakorn     | 1/1                                   | 5/5              | 12/12                  |                             |                               |                                  |                            |
| 10.               | Mr.Krish           | Follett          | 1/1                                   | 5/5              | 11/12 <sup>1</sup>     |                             |                               | 4/4                              |                            |
| 11.               | Pol.Lt.Gen. Amarin | Niemskul         | 1/1                                   | 5/5              | 12/12                  |                             |                               |                                  |                            |
| 12.               | Mr. Somphol        | Chaisiroj        | 1/1                                   |                  |                        |                             |                               |                                  | 8/12 <sup>1</sup>          |
| 13.               | Mr.Suchart         | Layluxsiri       | 1/1                                   |                  |                        |                             |                               | 4/4                              | 11/12 <sup>1</sup>         |
| 14.               | Ms.Kochakorn       | Peungsiricharoen | 1/1                                   |                  |                        |                             |                               |                                  | 12/12                      |
| 15.               | Ms.Siriporn        | Hanudomlap       | 1/1                                   |                  |                        |                             |                               |                                  | 12/12                      |
| 16.               | Dr.M.L.Sirapirom   | Teeraprasert     | 1/1                                   |                  |                        |                             |                               | 4/4                              | 12/12                      |
| 17.               | Ms.Yupaporn        | Jearrakul        | 1/1                                   |                  |                        |                             |                               |                                  | 7/7 <sup>6</sup>           |
| 18.               | Mrs.Tueanjai       | Puengsiricharoen | 1/1                                   |                  |                        |                             |                               |                                  | 7/7 <sup>6</sup>           |
| 19.               | Ms.Sunee           | Kongsong         | 1/1                                   |                  |                        |                             |                               | 4/4                              |                            |

Notes : <sup>1</sup> Personal leave and absence due to an unavoidable necessity

<sup>2</sup> Sick leave

<sup>3</sup> Sick leave and absence due to an unavoidable necessity

<sup>4</sup> Mr. Wichai Suthitivanich was retired on April 28, 2015 and indicated his intention not to be re-elected.

<sup>5</sup> Mr. Wichai Suthitivanich indicated his intention not to be appointed as executive committee member since May1, 2015.

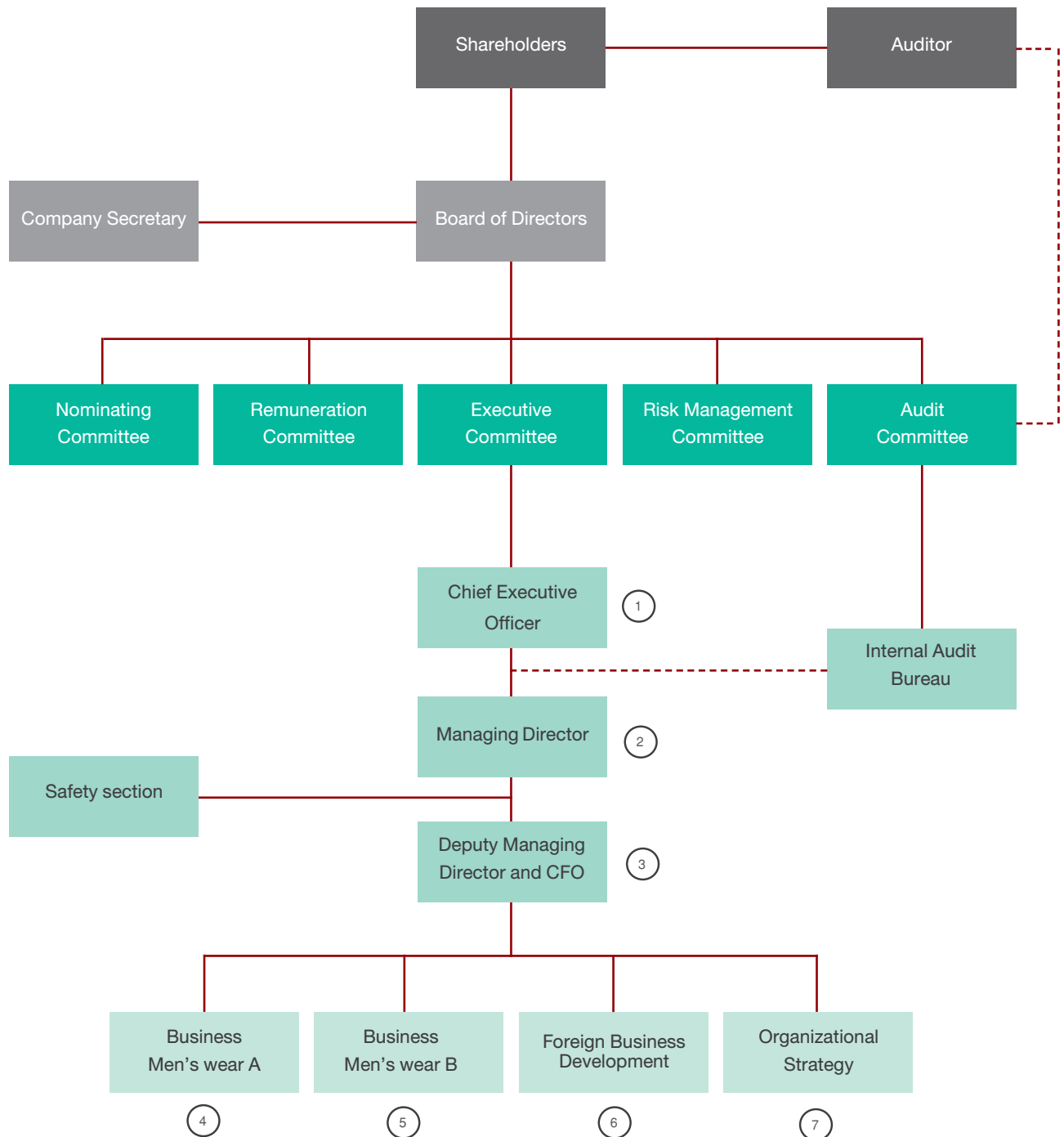
<sup>6</sup> Ms.Yupaporn Jearrakul and Mrs. Tueanjai Puengsiricharoen were appointed as executive committee members by resolution of the board of directors No. 2/2558 on May 11, 2015.



## Management and Corporate Governance

## Controlling Person

The Company does not have a controlling person who exercises a significant influence on the formulation of management or operational policies of the Company.



## 2. Executives

As of 31<sup>st</sup> December 2015, the Company had 7 Executive Officers, as follows:

|    | Name             |                 | Position   |
|----|------------------|-----------------|--|
| 1. | Mrs. Varindr     | Leelanuwatana   | Chief Executive Officer  |
| 2. | Mr. Supotch      | Pakaworawuth    | Managing Director  |
| 3. | Ms. Dusadee      | Soontrontumrong | Deputy Managing Director and CFO                                 |
| 4. | Mr. Somphol      | Chaisiroj       | Senior Director, Business Men's wear A                           |
| 5. | Mr. Suchart      | Layluxsiri      | Deputy Vice president of Men's Wear B                            |
| 6. | Dr.M.L.Sirapirom | Teeraprasert    | Deputy Vice president of Organizational Strategy                 |
| 7. | Ms. Marin        | Leelanuwatana   | Deputy Vice President of Foreign Business Development Department |

The above mentioned office holders are regarded as Executive Officers under the definition of the Office of the Stock Exchange Commission.

### Curriculum Vitae of Executive Officers

The curriculum vitae of Executive Officers may be found under the heading "Information on the Board of Directors, Executives, Controller, Company Secretary".

## 3. Company Secretary

The Board of Directors adopted a resolution to appoint Mr. Supachoke Sirichantaradilok, Deputy Manager for Finance and Overseas Operations, whose qualifications are stated in "Information on the Board of Directors, Executives, controller, company secretary", as the Company Secretary from 8<sup>th</sup> May 2008. The Company Secretary is under an obligation to perform duties prescribed under section 89/15 and section 89/16 of the Securities and Exchange Act (No. 4) 2008, which came into force on 31<sup>st</sup> August 2008. Those duties must be performed responsibly, prudently and in good faith, and also in accordance with laws, objects, Company Articles, Board of Directors resolutions, including shareholders' meeting resolutions, as follows:

1. To provide preliminary advice to the directors on laws, regulations and articles of the Company, and to monitor proper and regular compliance, as well as to report substantive changes to the directors.
2. To coordinate between the Company directors and the management, to supervise and coordinate matters pertaining to the relevant laws and regulations, including proceedings to ensure compliance with resolutions of the Board of Directors.
3. To organize meetings of shareholders and meetings of the Board of Directors in accordance with laws, Company Articles and other directives.
4. To record minutes of meetings of shareholders and meetings of the Board of Directors as well as to monitor compliance with resolutions of meetings of shareholders and meetings of the Board of Directors.
5. To oversee the disclosure of information and file the relevant reports under the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

6. To prepare and archive the following documents:
  - (a) Directors' Register;
  - (b) notice of Board of Directors meeting, minutes of Board of Directors meeting and Annual Report of the Company;
  - (c) notice of shareholders meeting and minutes of shareholders meeting.
7. To maintain reports of interest reports filed by directors or executives.
8. To carry out other proceedings as prescribed by the Capital Market Supervisory Board.

## 4. Remuneration of Directors and Executive Officers

### Criteria for remuneration of directors and executives.

Payment of remuneration to Company Directors is subject to the limits and rules set by the Remunerations Committee. Due regard is given to other companies in the same industry, the Company's expansion, growth of the Company's operating results, and the powers, duties, responsibilities and performance of Company Directors. Remuneration is determined as meeting allowances and an annual fee. A proposal would be made to the Board of Directors for consideration before submission to the General Meeting of Shareholders for approval of the remuneration limit.

Payment of remuneration to Executive Officers is made in accordance with the principles prescribed by the Company after having due regard to the Company's operating result, level of responsibility assigned and performance of the Executive Officer.

### 1. Monetary Remuneration

#### (a) Directors Remuneration

Shareholders' Meeting No. 41 on 28<sup>th</sup> April 2015 passed a resolution approving the remuneration limit in an amount not exceeding 10 million Baht per annum for Company Directors. This remuneration does not include compensation or welfare benefits payable to Company Directors in their capacities as officers or employees of the Company. The following compensation has been determined for performance of duties.

#### 1. Company Director

##### 1.1 Meeting allowance payable only to Directors present at the meeting

|                       |                       |
|-----------------------|-----------------------|
| Chairman              | 10,000.- Baht/meeting |
| Each Company Director | 8,000.- Baht/meeting  |

##### 1.2 Annual fee (remuneration) payable to all Company Directors. The Remunerations Committee considers allocation of this amount and proposes to the Board of Directors for approval.

#### 2. Audit Committee. Meeting allowances are paid only to Members present at a

##### 2.1 Monthly meeting allowance

|                                 |                       |
|---------------------------------|-----------------------|
| Chairman of the Audit Committee | 10,000.- Baht/meeting |
| Each Audit Committee Member     | 8,000.- Baht/meeting  |

##### 2.2 Quarterly meeting allowance

|                                 |                       |
|---------------------------------|-----------------------|
| Chairman of the Audit Committee | 60,000.- Baht/meeting |
| Each Audit Committee Member     | 30,000.- Baht/meeting |

#### 3. Nominating Committee and Remuneration Committee. Meeting allowances are paid only to Members present at a meeting.

|             |                       |
|-------------|-----------------------|
| Chairman    | 10,000.- Baht/meeting |
| Each Member | 8,000.- Baht/meeting  |

4. Risk Management Committee. Meeting allowances are paid only to Members present at a meeting.

Chairman 6,000.- Baht/meeting

Each Member 5,000.- Baht/meeting

In 2015, the Company paid a total amount of Baht 1,340,000 in meeting allowances and Baht 5,400,000 in annual fees, a total amount of Baht 6,740,000.

Monetary remuneration detail for Board of Directors and Sub-Committee in 2015 - 2013

(Unit : Baht)

| Detail                    | 2015              |                     | 2014              |                     | 2013              |                     |
|---------------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
|                           | Meeting allowance | Annual Remuneration | Meeting allowance | Annual Remuneration | Meeting allowance | Annual Remuneration |
| Board of Directors        | 370,000           | 5,400,000           | 394,000           | 5,900,000           | 328,000           | 7,440,000           |
| The Audit Committee       | 842,000           | -                   | 842,000           | -                   | 872,000           | -                   |
| Nominating Committee      | 32,000            | -                   | 32,000            | -                   | 52,000            | -                   |
| Remuneration Committee    | 52,000            | -                   | 52,000            | -                   | 52,000            | -                   |
| Risk Management Committee | 44,000            | -                   | 44,000            | -                   | 44,000            | -                   |
| Total                     | 1,340,000         | 5,400,000           | 1,364,000         | 5,900,000           | 1,348,000         | 7,440,000           |

## (b) Executive Remuneration

Executive remuneration means remuneration of Executive Committee Members and the first four Executive Officers subordinate from the manager and all Executive Officers having an equivalent level to the fourth Officer, adding up to a total of 7 persons. Remuneration is paid as salaries, sponsorship, stipend, allowances and retirement fees, paid in their capacities as employees.

| Remunerations                                | 2015    |               | 2014    |               | 2013    |               |
|--|---------|---------------|---------|---------------|---------|---------------|
|  | Persons | Amount (Baht) | Persons | Amount (Baht) | Persons | Amount (Baht) |
| Salaries and others except Meeting allowance | 7       | 27,242,103    | 8       | 29,354,439    | 8       | 34,446,576    |
| Meeting allowance                            | 7       | 375,000       | 8       | 425,000       | 8       | 515,000       |
| Total  |         | 27,617,103    |         | 29,779,439    |         | 34,961,576    |

## 2. Other Remuneration

The Company does not have a policy of paying other remuneration apart from remuneration paid by the Company to Directors or employees in the ordinary course of business. There is no grant of shares, debentures or other securities, except for contributions to the registered provident fund. Executive Officers who are members of the fund will receive a monthly fund contribution at the rate of 3 - 5 percent of wages. The member must also make a contribution to the fund at the same rate. Upon termination of membership, the member would receive the accumulated sum and contributions, as well as the average net benefits accrued in accordance with the fund's terms and conditions.

(A) Other remuneration of Company Directors : - none -

(B) Other remuneration of Executive Officers:

Executive Committee Members and the first four Executive Officers subordinate to the manager and all Executive Officers holding positions equivalent to the fourth level received remuneration in the form of cash contributions to the provident fund.

|           |           |               |                   |
|-----------|-----------|---------------|-------------------|
| Year 2015 | 7 persons | in the amount | 0.26 million Baht |
| Year 2014 | 8 persons | in the amount | 0.29 million Baht |
| Year 2013 | 8 persons | in the amount | 0.29 million Baht |

## 5. Personnel

Total employees of the Company as of December 31, 2015

|                     | 2015           |            |       | 2014           |            |       | 2013           |            |       |
|---------------------|----------------|------------|-------|----------------|------------|-------|----------------|------------|-------|
|                     | Administration | Production | Total | Administration | Production | Total | Administration | Production | Total |
| Bangkok-Head Office | 342            | 754        | 1,096 | 326            | 791        | 1,117 | 351            | 806        | 1,157 |
| Bangplee            | 25             | -          | 25    | 29             | -          | 29    | 30             | -          | 30    |
| Lamphun             | 24             | 740        | 764   | 23             | 701        | 724   | 24             | 763        | 787   |
| Kabinburi           | 21             | 602        | 623   | 21             | 605        | 626   | 22             | 650        | 672   |
| Total               | 412            | 2,096      | 2,508 | 399            | 2,097      | 2,496 | 427            | 2,219      | 2,646 |

### Labour disputes over the previous 3 years period

none.

### Remuneration of all Employees

Remuneration consists of salaries, overtime pay, bonuses, provident fund contributions, retirement fees and other incomes.

|                                     |        |        |        |
|-------------------------------------|--------|--------|--------|
| Year                                | 2015   | 2014   | 2013   |
| Consolidated Returns (million Baht) | 588.65 | 581.26 | 608.24 |

### Employee Development Policies

Details on employee development may be found in the Social Responsibility Report under the heading "Fair Labour Treatment", sub-heading "Personnel Development".



## Information on the Board of Directors, Executives, Controller, Company Secretary

1

**Mr. Boonsithi Chokwatana** 78 years

as Director started June 6, 1975

Advising Director,  
Nominating Committee Member,  
Chairman of the Remuneration Committee  
and Authorized Director

% Share hold 3.88%

Family relationship between directors None

### Education

Honoraris Doctor Degrees

Business Administration

- Burapha University
- Thammasat University
- The National Institute of Development Administration
- University of the Thai Chamber of Commerce

Engineering

- Khon Kaen University

Law

- Waseda University

Science (Textiles and Garment)

- Rajamangala University of Technology Krungthep

### Experiences

#### Listed Companies

|                        |   |
|------------------------|---|
| Sep 21, 2015 - Present | Chairman Saha Pathana Inter-Holding Plc. - commerce     |
| 2010 - Present         | Honorary Chairman Saha Pathanapibul Plc. - commerce     |
| 2002 - Present         | Director Sahacogen (Chonburi) Plc. - energy & utilities |
| 1991 - Present         | Vice Chairman I.C.C. International Plc. - fashion       |
| 1990 - Apr.,2010       | Advising Director Thai Wacoal Plc. - fashion            |
| 1980 - Apr.,2010       | Advising Director Textile Prestige Plc. - fashion       |
| 1973 - Sep 20, 2015    | Director Saha Pathana Inter - Holding Plc. - commerce   |
| 1972 - Present         | Chairman Thai President Foods Plc. - food & beverage    |

#### Non Listed Companies

Being directors of 34 companies

#### Competitive Business related to Company's Business None

#### Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 3/2003
- Director Certification Program (DCP) 68/2005

2

**Mrs. Varindr Leelanuwatana** 69 years

as Director started June 6, 1975

Chairman,  
Chief Executive Officer,  
Nominating Committee Member,  
Remuneration Committee Member  
and Authorized Director

% Share hold 0.24%

### Family relationship between directors

Ms. Marin Leelanuwatana's mother.

### Education

Bachelor of Economics Money and Banking,

- Thammasat University

### Experiences

#### Listed Companies

At the moment, not being director of any other listed companies

#### Non Listed Companies

Being directors of 8 companies

#### Competitive Business related to Company's Business

2 of 8 companies

|                |  |
|----------------|--|
| 2004 - Present | Chairman Total Way Image Co., Ltd. leatherware manufacturing |
| 1990 - Present | Director Thai Takaya Co.,Ltd. garment manufacturing          |

#### Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 3/2003
- Director Certification Program (DCP) 68/2005
- Board and CEO Assessment 2/2003

3

**Mr. Supotch Pakaworawuth** 58 years

as Director started April 23, 1990

Managing Director,  
Risk Management Committee Member  
and Authorized Director

% Share hold 0.01%

Family relationship between directors None

#### Education

Master of Business Administration,  
- The National Institute of Development Administration

#### Experiences

##### Listed Companies

At the moment, not being director of any other listed companies

##### Non Listed Companies

Being directors of 3 companies

##### Competitive Business related to Company's Business

2 of 3 companies

|                |   |
|----------------|---|
| 1990 - Present | Chairman                                      |
|                | Thai Takaya Co., Ltd. - garment manufacturing |
| 2005 - Present | Chairman                                      |
|                | S.Apparel Co., Ltd.- garment manufacturing    |

##### Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 3/2003
- Director Certification Program (DCP) 46/2004
- Finance for Non-Finance Directors 12/2004

4

**Ms. Dusadee Soontrontumrong** 67 years

as Director started July 11, 1984

Deputy Managing Director and CFO,  
Remuneration Committee Member  
and Authorized Director

% Share hold 0.36%

Family relationship between directors None

#### Education

- Higher Education Certificate in Accounting Kerk College
- Mini MBA of Economic, Chulalongkorn University

#### Experiences

##### Listed Companies

At the moment, not being Director of any other listed companies

##### Non Listed Companies

Being directors of 4 companies

##### Competitive Business related to Company's Business

1 of 4 companies

|                |   |
|----------------|---|
| 2005 - Present | Director                                    |
|                | S.Apparel Co., Ltd. - garment manufacturing |

##### Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 8/2004
- Director Certification Program (DCP) 42/2004

5

**Ms. Marin Leelanuwatana** 42 years

as Director started April 23, 2013

Director,  
Executive committee member,  
Deputy Vice President of Foreign Business  
Development Department  
and Authorized Director

% Share hold 0.93%

#### Family relationship between directors

Mrs.Varindr Leelanuwatana' s daughter

#### Education

Master of Business Administration  
- Loyola University, Chicago, U.S.A.

#### Experiences

#### Listed Companies

At the moment, not being director of any other listed companies

#### Non Listed Companies

Being directors of 2 companies

Competitive Business related to Company's Business None

#### Course training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 180/2013

6

**Mr. Padoong Techasarintr** 75 years

as Director started April 18, 1994

Independent Director  
and Chairman of Audit Committee

% Share hold None

Family relationship between directors None

#### Education

B.A. (Accounting), B.A. (Commerce),  
- Thammasat University

#### Experiences

#### Listed Companies

|                |   |
|----------------|---|
| 2003 - Present | Independent Director<br>and Audit Committee member<br>Kulthorn Kirby Plc. - industrial materials<br>& machinery |
| 1999 - Present | Independent Director<br>and Audit Committee member<br>CP All Plc. - commerce                                    |
| 1999 - Present | Independent Director and Chairman of<br>Audit committee<br>Textile Prestige Plc. - fashion                      |
| 1993 - Present | Independent Director and Chairman of<br>Audit committee<br>Lanna Resources Plc. - energy & utilities            |

#### Non Listed Companies

At the moment, not being director of any other non listed  
companies

Competitive Business related to Company's Business None

#### Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 4/2003
- Director Certification Program (DCP) 55/2005
- The Role of Chairman Program (RCP) 6/2001
- Audit Committee Program (ACP) 22/2008
- Monitoring the Internal Audit (MIA) 2008
- Monitoring the System of Internal Control and  
Risk Management (MIR) 2009

7

**Assoc.Prof. Nares Kesaprakorn** 57 years

as Director started April 23, 2007

Independent Director  
and Audit Committee Member

% Share hold None

Family relationship between directors None

## Education

Master of Laws (Securities Regulation)  
- University of Georgia, U.S.A.

## Experiences

2013 - Present Subcommittee of The Office of Law Reform Commission of Thailand  
2013 - Present Associate Dean for Administrative affairs, School of Law, NIDA  
2010 - Present Advisory Board, the Attellate Committee's Rule of Practice on Procedure for Consideration and Adjudication of Appeal on the Administrative Order of the SEC Office

## Listed Companies

2006 - Present Independent Director  
Thai Wacoal Plc. - fashion

## Non Listed Companies

Audit Committee Member of one non listed companies

Competitive Business related to Company's Business None

## Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 52/2006
- Director Certification Program (DCP) 77/2006
- Audit Committee Program (ACP) 12/2006
- Understanding the Fundamental of Financial Statements (UFS) 1/2006
- Finance for Non-Finance Director 28/2006
- Monitoring the System of Internal Control and Risk Management (MIR) 5/2009
- Chartered Director Class (CDC) 5/2009
- The Board's Role on Fraud Prevention and Detection 1/2010

8

**Mr. Krish Follett** 66 years

as Director started April 26, 2011

Independent Director,  
Audit Committee Member  
and Chairman of Risk Management Committee

% Share hold None

Family relationship between directors None

## Education

Master of Commerce (Business Administration),  
- Thammasat University  
Advanced Management Program,  
- Harvard Business School, Boston, U.S.A.

## Experiences

2010 - 2015 Independent Director  
and Chairman of the Audit Committee  
Property Perfect Plc. - property development  
2010 - 2013 Independent Director,  
Chairman of Audit Committee  
Amanah Leasing Plc. -  
finance and securities  
2009 - 2012 Advising to managing director -  
Boonrawd Brewery Co., Ltd.  
2008 - 2009 Assistant Governor of operation,  
Bank of Thailand  
2004 - 2008 Senior Director of Internal Audit Department,  
Bank of Thailand

## Listed Companies

2013 - Present Independent Director,  
Audit Committee Member  
Saha Pathana Interholding Plc. - commerce  
2012 - Present Independent Director and Chairman  
of Audit Committee Thoresen Thai  
Agencies. Plc - transportation & logistics  
2012 - Present Independent Director and Chairman of Risk  
Management Committee  
Thai Wacoal Plc. - fashion

## Non Listed Companies

At the moment, not being director of any other non listed companies

Competitive Business related to Company's Business None

## Course training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 149/2011

9

**Pol.Lt.Gen. Amarin Niemskul** 68 years

as Director started April 23, 2013

Independent Director  
and Audit Committee Member

% Share hold None

Family relationship between directors None

## Education

Master of Public Administration,  
- The National Institute of Development Administration  
Master of Art,  
- University of Kansas, U.S.A.  
Bachelor of Public Administration,  
- Royal Police Cadet Academy

## Experiences

### Listed Companies

2010 - Present Independent Director  
and Chairman of Audit Committee  
Teera Mongkol Industry Plc.  
- electric lighting equipments  
2007 - Apr. 2013 Independent Director  
and Audit Committee Member  
Saha Pathanapibul Plc.- commerce  
2006 - Present Independent Director  
and Audit Committee Member  
Saha Pathana Inter-Holding Plc. - commerce  
2006 - 2011 Independent Director  
and Audit Committee Member  
I.C.C. International Plc. - fashion

### Non Listed Companies

Being director of 1 company

Competitive Business related to Company's Business None

### Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 60/2006

10

**Mr. Somphol Chaisiriroj** 58 years

as Executive committee member started May 10, 2007

Executive committee member  
and Senior Vice president of Men's Wear A

% Share hold 0.06%

Family relationship between directors None

## Education

Master of art,  
- Ohio University, U.S.A.

## Experiences

### Listed Companies

2009 - Present Director, Vice President Division W  
I.C.C. International Plc.- fashion

### Non Listed Companies

Being directors of 6 companies

Competitive Business related to Company's Business None

### Course training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 3/2003  
- Director Certification Program (DCP) 68/2005



11

**Mr. Suchart Layluxsiri** 50 years

as Executive committee member started May 10, 2007

Executive committee member,  
Risk Management Committee Member  
and Deputy Vice president of Men's Wear B

% Share hold 0.004%

Family relationship between directors None

## Education

Master of Business Administration ,  
- Bangkok University

## Experiences

### Listed Companies

At the moment, not being director of any other listed companies

### Non Listed Companies

Being directors of 2 companies

Competitive Business related to Company's Business None

### Course training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 154/2011

12

**Dr. M.L.Sirapirom Teeraprasert** 52 years

as Executive committee member started May 12, 2011

Executive committee member,  
Risk Management Committee Member  
and Deputy Vice president of Organizational Strategy

% Share hold 0.02% (included the shareheld by spouse)

Family relationship between directors None

## Education

Doctor of business administration,  
- Ramkhamhaeng University

## Experiences

### Listed Companies

At the moment, not being director of any other listed companies

### Non Listed Companies

Being director of 1 company

Competitive Business related to Company's Business None

### Course training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 150/2011

13

**Mr. Supachoke Sirichantaradilok** 56 years

as Company Secretary started May 8, 2008

Company Secretary,  
Investor Relations  
and Deputy Manager, Financial Division.

% Share hold None

Family relationship between directors None

## Education

Master of Public and Private Management,  
- The National Institute of Development Administration

## Experiences

### Listed Companies

At the moment, not being director of any other listed companies

### Non Listed Companies

Being directors of 2 companies

Competitive Business related to Company's Business None

## Course training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 49/2004
- Investor Relations 2006

## Responsibilities of Company Secretary

The Company Secretary shall act as defined in Section 89/15 and 89/16 of the Securities and Exchange Act (No. 4) B.E. 2551 which comes into force on 31 August 2008 with responsibility, caution and honesty Including the need to comply with the laws, regulations, company objectives, Board resolutions and resolutions of the shareholders' meeting. The legal duty of the Secretary of the Company is as follows.

1. To provide preliminary advice to the directors on laws, regulations and articles of the Company, and to monitor proper and regular compliance, as well as to report substantive changes to the directors.
2. To coordinate between the Company directors and the management, to supervise and coordinate matters pertaining to the relevant laws and regulations, including proceedings to ensure compliance with resolutions of the Board of Directors.
3. To organize meetings of shareholders and meetings of the Board of Directors in accordance with laws, Company Articles and other directives.
4. To record minutes of meetings of shareholders and meetings of the Board of Directors as well as to monitor compliance with resolutions of meetings of shareholders and meetings of the Board of Directors.
5. To oversee the disclosure of information and file the relevant reports under the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
6. To prepare and archive the following documents:
  - (a) Directors' Register;
  - (b) notice of Board of Directors meeting, minutes of Board of Directors meeting and Annual Report of the Company;
  - (c) notice of shareholders meeting and minutes of shareholders meeting.
7. To maintain reports of interest reports filed by directors or executives.
8. To carry out other proceedings as prescribed by the Capital Market Supervisory Board

## Corporate Governance

The Board of Directors has attached significance to the governance system to ensure that management is satisfactory, transparent, and accountable, with sufficient and appropriate internal control systems and is subject to a balance of powers. These principles run parallel to the respect for the rights and treatment of all shareholders equally. Business operations are undertaken with due regard to stakeholders in order to contribute to the country's economic growth, as well as to create long-term wealth for shareholders. The Company adheres to good corporate governance principles set by the Stock Exchange of Thailand, and also to the foundations of sufficiency economics, i.e. sufficiency, rationality and a strong immunity.

### Corporate Governance Policies

The Board of Directors has prescribed corporate governance policies as operational guidelines for Company Directors, Executive Officers and employees, as follows:

1. Company Directors, Executives and all employees are fully committed to the application of corporate governance principles, business ethics and Codes of Conduct for Company Directors, Executives and employees to Company operations.
2. Company Directors, Executives and all employees must perform their duties responsibly, prudently, earnestly and honestly in accordance with the relevant laws, Company Articles and Notifications.
3. Actions shall be taken to ensure that the Company management structure contains clear prescriptions of powers, duties and responsibilities of each Company Committees and Executives.
4. An internal control system shall be installed and risks management shall be managed at suitable levels, including an accounting system and financial statement which are accurate and reliable.
5. Information shall be disclosed in a sufficient, reliable and timely manner to the extent that the legitimate interests of the Company are not prejudiced.
6. The ownership rights of shareholders shall be appreciated and respected. Shareholders shall be treated equitably.
7. Undertakings shall have regard to the responsibilities of shareholders, stakeholders, communities, society and the environment.
8. There shall be a determination to strive towards business excellence with commitment to the creation of customer satisfaction by receiving comments and self-assessments in order to enhance management capabilities and continually promote productive creativity.
9. Virtue, ethics and good values shall be instilled. Employees shall be treated fairly with a commitment to develop and enhance the capabilities of personnel.
10. Dishonest conduct, corruption and intellectual property violations shall be suppressed. Laws and human rights shall be respected.
11. Conflict of interests shall be dealt with prudently and reasonably with due regard for the Company's interests.

The Company has disseminated the corporate governance policies to employees, shareholders and the general public through the Company website [www.thanulux.com](http://www.thanulux.com) under the heading about the Company > Good Corporate Governance > Corporate Governance Policies

### Board of Directors and Company Committees

The Company's management structure comprises the Board of Directors, Company Committees and Executive Officers. The powers and duties of each constituent have been clearly delineated in order to ensure transparency and proper checks and balances. The Board of Directors appoints the various Company Committees based on

suitable knowledge and expertise to take charge of each function. Shareholders can be confident that the Company exercises prudence in operations and screening of tasks. The Company Committees appointed are the Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee and Executive Committee.

The Board of Directors has clearly stipulated the scope of authority and responsibilities of each Committee in their respective Committee Charters. The Chairman of each Company Committee performs the duties of ensuring that works are performed in accordance with the policies of the Board of Directors and reports performance results to the Board of Directors.

## 1. Board of Directors

The Board of Directors as evidenced by the incorporation certificate issued by the Ministry of Commerce comprises 9 Directors, consisting of

- Non-Executive Directors      5 persons(4 of whom are Independent Directors)
- Executive Directors            4 persons

The list of Directors is as follows:

|    | Name                           | Position             |
|----|--------------------------------|----------------------|
| 1. | Mr. Boonsithi Chokwatana       | Advisory Director    |
| 2. | Mrs.Varindr Leelanuwatana      | Chairman             |
| 3. | Mr. Supotch Pakaworawuth       | Director             |
| 4. | Ms. Dusadee Soontrontumrong    | Director             |
| 5. | Ms. Marin Leelanuwatana        | Director             |
| 6. | Mr. Padoong Techasarintr       | Independent Director |
| 7. | Assoc.Prof. Nares Kesaparakorn | Independent Director |
| 8. | Mr.Krish Follett               | Independent Director |
| 9. | Pol.Lt.Gen. Amarin Niemskul    | Independent Director |

## Term of Company Director

Each Company Director holds office for a term as stated in the Company Articles and Charter of the Board of Directors.

1. At every General Shareholder Meeting, one-third of the Company Directors shall retire. If the number of Company Directors cannot be divided evenly into 3 parts, the number of retiring Company Directors closest to one-third, the longest serving Company Directors shall retire and may be re-elected.
2. Company Directors retire from office at the expiration of term, or by resignation, or death, or disqualification as provided by law, or upon removal by resolution of the shareholders' meeting, or by court order.
3. A Company Director wishing to resign before the expiration of term must submit a resignation letter to the Company and may also serve notice to the registrar under the law on public limited companies. The resignation comes into effect as from the day of the Company's receipt of the resignation letter.
4. In the case where a Company Director's office becomes vacant for a cause other than the expiration of term, and the remaining term is not less than 2 months, the Board of Directors shall elected a Company Director to replace the vacant office in the subsequent meeting of the Board of Directors. The elected Company Director shall remain in office only for the remaining term of the replaced Company Director.

5. The shareholders' meeting may pass a resolution to remove a Company Director before the expiration of term by the votes of not less than three-fourths of the shareholders present and eligible to vote, and the total number of shares held must be not less than one-half of the total number of shares held by shareholders present and eligible to vote.

## Authority of The Board of Directors

1. Appoint, remove, and assign authority to advisors to The Board of Directors, various committees, and The Managing Director, to carry out the assigned duties.
2. Seek advices from specialists or company consultants (if any), or solicit the services of outside specialists or consultants at the company's expenses.
3. Approve loan transaction to be used as the company's working capital, for such portion exceeding the authority of The Executive Board.
4. Approve loan extension to companies having business connection with the company, either as the shareholder or the company engaging in business transaction, or other companies, for such portion exceeding the authority of The Executive Board.
5. Approve the entering into guarantee for credit facility, for companies having business connection with the company, either as the shareholder or the company engaging in business transaction, or other companies, for such portion exceeding the authority of The Executive Board.
6. Approve the set-up, merger, or dissolution of subsidiary company.
7. Approve the investment for the purchase or sales of common shares, and/or other securities, for such portion exceeding the authority of The Executive Board.
8. Approve the procurement and investment in fixed asset, for such portion exceeding the authority of The Executive Board.
9. Approve the adjustment, disposal, and write-off for fixed assets, and/or intangible assets no longer in use, or being subject to damage, loss, destruction, deterioration, out-of-date, or no longer functionable for such accounting value (historical cost) exceeding the authority of The Executive Board.
10. Approve the settlement of conflicts by reconciliation or by the resolution through arbitration, petition, lawsuit, and/or court proceedings on the company's behalf, for such case not considered as normal business practice, and/or such case considered as normal business practice, for such portion exceeding the authority of The Executive Board.
11. Approve the entering into such transaction not considered as normal business practice, for such portion exceeding the authority of The Executive Board.
12. Propose the capital increase or capital decrease, or the change in par value, change or amendment to memorandum of association, articles of association, and/or objectives of the company to the shareholders for consideration.
13. Authorize The Executive Board members, management members, managers or other persons, to act on their behalf.
14. Authorize to summon management members or employees concerned to provide explanation or opinion, to join the meeting, and to submit those documents deemed necessary.
15. Appoint and remove Company Secretary
16. The authority scope for The Board of Directors pertaining to the acquisition and disposal of assets and connected transactions, shall comply with the Notification of The Capital Market Supervisory Board.



## Duty and responsibility scope of The Board of Directors

1. Set the direction, target, and business policy for the company.
2. Approve the annual business plan and annual budget, as well as supervising the operations by the management to well comply with the laws, policies, and plans in an efficient and effective manner.
3. Promote the establishment of corporate governance policy, business ethics, and business morality in writing, to serve as guidelines for the directors, the management, and the employees, in carrying out their business practices, while regularly following up to ensure their strict adherence and compliance accordingly.
4. Set up adequate internal control systems, so as to ensure that all transactions receive proper approval from the authorized persons, and that proper accounting review and bookkeeping practice are carried out, while proper checking systems are in place to safeguard against unauthorized exploitation of company assets.
5. Ensure that careful consideration is given to the issue of conflict of interests, and that clear practice guidelines are in place to safeguard the interests of the shareholders and the company. Also ensure that the persons having interests at stake do not take part in adopting the decision, and that all concerned parties strictly follow the procedures and regulations to disclose relevant information in a proper manner.
6. Grant approval to financial statements already audited and verified by the certified public accountant and earlier approved by The Audit Committee.
7. Being accountable to all shareholders on an equal basis, while ensuring that information are disclosed to the shareholders and investors in an accurate, reliable, and transparent manner
8. Acknowledge the corporate management report prepared by The Executive Board.
9. Set the date, time, and place for the annual shareholders' general meeting, and convene said meeting accordingly. Also set the rate for dividend payments (if any), and provide comments relating to the meeting agenda to the shareholders.

In that regard, the company may suspend shares transfer registration for the period of 21 days leading up to the meeting, whereby the company is required to post such announcement to the shareholders at the company's head office and its subsidiaries for the period of no less than 14 days prior to such suspension. Otherwise, the company may set the date to finalize the shareholders' list (Record Date) no longer than 2 months prior to the meeting, and then set the date for shares registration suspension 1 day later, in order to compile the shareholders' list according to article 225 of The Securities and Exchange Act, to entitle the shareholders to attend the meeting, and to be eligible for dividend payments.

10. Prepare The Board of Directors' responsibility report toward financial statements compilation, and disclose said report in the company's annual report (form 56-2) and the annual registration statement (form 56-1).
11. Supervise the compilation of the documents required to be submitted to concerned regulating agencies, to ensure that all information contained therein are true and accurate in accordance with the information appearing in the accounting books, the registration book, and other official documents of the company.
12. Grant approval to the charter for The Board of Directors, and/or other committees.
13. Engage in those acts lying beyond The Executive Board's authority, or as deemed necessary by The Board of Directors.

During 2015, The Board of Directors convened total 5 meetings, whereby the meeting dates had been earlier decided throughout the entire year. Furthermore, additional meeting could also be summoned according to necessary circumstances.

## 2. Audit Committee

Board of Directors Meeting No. 2/2558 on 11th May 2015 passed a resolution to appoint Independent Directors having the qualifications prescribed by the law on securities and exchange to the positions of Audit Committee Members. These Members perform the duties of supporting the Board of Directors in supervising good governance, especially pertaining to the financial reporting process, internal control system, inspection process and compliance of relevant laws and regulations.

The 4 Members are as follows.

|    | Name                           | Position                    |
|----|--------------------------------|-----------------------------|
| 1. | Mr. Padoong Techasarintr       | Chairman of Audit Committee |
| 2. | Assoc.Prof. Nares Kesaparakorn | Audit Committee Member      |
| 3. | Mr.Krish Follett               | Audit Committee Member      |
| 4. | Pol.Lt.Gen. Amarin Niemskul    | Audit Committee Member      |

Mr. Woradej Puengsiricharoen holds the position of Secretary to the Audit Committee and has the qualifications stated in "Form 56-1 Part 2, Article 11.3".

The Audit Committee holds office for a term of 1 year, in the period of May 2015 to May 2016. Mr.PadoongTechasarintr is well-informed and experienced in undertaking the review of the Company's financial standing. (See the details on his education and career background under the heading "Information on the Board of Directors, Executives, Controller, Company Secretary")

All members of the Audit Committee were not the company shareholders, not engages in business relationship or provided any professional service to the company, its parent company, subsidiary, associated company or juristic person who may have conflicts of interest. Furthermore, they also did not serve as audit committee in its parent company, subsidiary, or same-level subsidiary.

### Powers of the Audit Committee

1. To lay down collaborative measures with a view to achieving a harmonized understanding between the auditors, board of directors and internal audit units.
2. To consult specialists or advisors of the Company (if any), or to hire external advisors or specialists where necessary at the expense of the Company.
3. To have the power to call upon executive officers, the management or relevant employees of the Company to give statements or opinions as well as to attend meetings or send documents which are deemed as relevant, and also to have access to data at every organizational level.
4. To have the power to conduct an examination of relevant persons or relevant matters within the scope of powers and duties of the Audit Committee.

### Duty and responsibility scope of The Audit Committee

1. To conduct reviews in order to ensure that the Company's financial reports are accurate and sufficient.
2. To conduct reviews in order to ensure that the Company has appropriate and effective internal control and internal audit systems.

3. To consider the independence of internal audit units as well as to give approvals for appointments, transfers or terminations of heads of internal audit units or other units responsible for internal audits.
4. To review the Company's compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand and laws relating to the Company's businesses.
5. To consider, select and nominate independent persons for appointment as the Company's auditors and propose the remuneration for such persons, and also to attend meetings with the auditors without the presence of the management which must be held at least once a year.
6. To scrutinize connected transactions or transactions which may contain conflicts of interests in order to ensure compliance with the law and regulations of the Stock Exchange of Thailand, as well as to ensure that such transactions are entered into reasonably and are in the best interests of the Company.
7. To prepare an Audit Committee Report which must be disclosed in the Company Annual Report. Such report must be signed by the Chairman of the Audit Committee and consist of at least the following information:
  - (a) opinion pertaining to the accuracy, completeness and reliability of the Company's financial statements;
  - (b) opinion pertaining to the sufficiency of internal controls in the Company;
  - (c) opinion pertaining to compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand or laws relating to the Company's businesses;
  - (d) opinion pertaining to the suitability of the auditor;
  - (e) opinion pertaining to transactions that could potentially give rise to conflicts of interests;
  - (f) the number of Audit Committee meetings and the meeting attendance of each Audit Committee member;
  - (g) general opinion or observation expressed by the Audit Committee in relation to the performance of functions under this Charter;
  - (h) other items deemed as necessary information for shareholders and investors generally within the scope of duties and responsibilities as assigned by the Board of Directors.
8. In the discharge of its duties, if the Audit Committee finds or is under a suspicion that the following transaction or act has been committed, which may have a substantial impact on the financial standing and operating results of the Company, the Audit Committee shall file a report to the Board of Directors in order to effect remedial actions within the period as deemed appropriate by the Audit Committee:
  - (a) transaction giving rise to a conflict of interests;
  - (b) fraud or irregularity or a significant deficiency in the internal control system;
  - (c) violation of the law on securities and exchange, regulations of the Stock Exchange of Thailand or laws relating to the Company's businesses.

If the Board of Directors or executive officers fail to carry out the remedies within the prescribed period, any Audit Committee member may report such transaction or action to the Office of the Securities and Exchange Commission or Stock Exchange of Thailand.

9. To support and monitor the Company's implementation of an efficient risk management system.
10. To revise and amend the Charter of the Audit Committee and propose such revision or amendment to the Board of Directors for approval.
11. To perform other acts as assigned by the Board of Directors with the approval of the Audit Committee pursuant to powers under the Company Articles and the law.

In carrying out its above duties, The Audit Committee is directly responsible to The Board of Directors, who in turn is responsible to the shareholders and general investors.

The Audit Committee holds monthly meetings. A meeting schedule has been set in advance for the entire year. Joint meetings are also held with the management to discuss and exchange opinions relating to the Company's businesses. In addition, at least one joint meeting is held with the management and company auditor each year to inquire on issues identified by the audit of Company financial statements. The Audit Committee reports its performance results to the Board of Directors regularly every quarter and reports to the shareholders as stated in the Annual Report.

## 3. Nominating Committee

Board of Directors Meeting No. 2/2558 on 11<sup>th</sup> May 2015 passed a resolution to appoint Nominating Committee Members to perform the duties of supporting the functioning of the Board of Directors in supervising good governance by searching and screening suitably qualified persons to assume the positions of Company Directors and high-level executive officers. This is to maintain confidence in transparency of the Company's nominating process.

The 3 Members are as follows.

|    | Name          |               | Position                             |
|----|---------------|---------------|--------------------------------------|
| 1. | Mr. Manu      | Leelanuwatana | Chairman of the nominating Committee |
| 2. | Mr. Boonsithi | Chokwatana    | Nominating Committee Member          |
| 3. | Mrs. Varindr  | Leelanuwatana | Nominating Committee Member          |

The Nominating Committee holds office for a term of 1 year, in the period May 2015 to May 2016

## Powers of the Nominating Committee

1. To consult specialists or advisors of the Company (if any), or to hire external advisors or specialists where necessary at the expense of the Company.
2. To have the power to summon executive officers and relevant employees of the Company for an explanation, opinion, participation in a meeting, or the submission of documents deemed as relevant and necessary.

## Duties and Responsibilities of the Nominating Committee

1. To determine rules and procedures for the nominating of Company Directors.
2. To examine the biography and other information of persons nominated for appointment as Company Directors, taking into consideration such persons' knowledge, skills, experience and diversity of professional expertise, in order to obtaining the most qualified persons in accordance with the nominating rules, Articles of the Company and relevant laws.
3. To consider the nominating of persons having suitable qualifications for a Company Director for nomination to the meeting of the Board of Directors for approval, except in the event of the retirement of Company Directors at the expiration of term where a submission is made to the meeting of shareholders for approval.
4. To prepare opinions or suggestions on various matters for consideration.
5. To revise and amend the Charter of the Nominating Committee and to submit such revisions or amendments to the Board of Directors for approval.
6. To carry out any other acts as assigned by the Board of Directors.

During 2015, The Nominating Committee held its meeting 2 times, and subsequently reported the results to The Board of Directors and shareholders as stated in the annual report, whereby the meeting dates had been decided in advance throughout the entire year.

## 4. Remuneration Committee

Board of Directors Meeting No. 2/2558 on 11th May 2015 passed a resolution to appoint Remuneration Committee Members to perform the duties of supporting the functioning of the Board of Directors in supervising good governance by determining rules for disbursements and forms of remunerations for Company Directors. This is to maintain confidence in transparency and fairness of remunerations.

The 3 Members are as follows.

|    | Name                        | Position                               |
|----|-----------------------------|--|
| 1. | Mr. Boonsithi Chokwatana    | Chairman of the Remuneration Committee |
| 2. | Mrs. Varindr Leelanuwatana  | Remuneration Committee Member          |
| 3. | Ms. Dusadee Soontrontumrong | Remuneration Committee Member          |

The Remuneration Committee holds office for a term of 1 year, in the period of May 2015 to May 2016.

### Authority of The Remuneration Committee

1. Seek advices from specialists or company consultants (if any), or solicit the services of outside specialists or consultants at the company's expenses.
2. Authorized to summon the management and company staff to provide comments and clarification, to take part in meetings, and to submit documents deemed as necessary.

### Duty and responsibility scope of The Remuneration Committee

1. Review the remuneration criteria for The Board of Directors, and if deemed necessary, propose the suggestion or revision to existing criteria, in order to make them more suitable.
2. Review the remuneration budget earmarked for The Board of Directors, by taking into account the practices by other companies in the same business category, the business growth and the company's performances, the remuneration budget approved by the shareholders' meeting, and the actual remuneration amount for the previous year, for further presentation to The Board of Directors for consideration, and for final approval by the shareholders' meeting.
3. Review the remuneration budget for the company's directors, the Audit Committee Members, the Nominating Committee Members, the Remuneration Committee Members, and the Risk Management Committee Members by taking into account their duty and responsibility scope and related performances, based on the remuneration budget approved by the shareholders' meeting, and propose to The Board of Directors for approval.
4. Review the remuneration budget for the Nominating Committee Members, the Remuneration Committee Members, and the Risk Management Committee Members (who do not serve as company directors), by taking into account their duty and responsibility scope, and related performances and propose to The Board of Director for approval.

5. Review and revise the charter for The Remuneration Committee, and present to The Board of Directors for approval.
6. Engage in other acts as assigned by The Board of Directors.

During 2015, The Remuneration Committee held its meeting 2 times, and subsequently reported the results to The Board of Directors and shareholders as stated in annual report, whereby the meeting dates had been decided in advance throughout the entire year.

## 5. The Risk management Committee

Board of Directors Meeting No. 2/2558 on 11<sup>th</sup> May 2015 passed a resolution to appoint Risk Management Committee Members to perform the duties of supporting the functioning of the Board of Directors in supervising good governance by reviewing the risk factors pertinent to the entire organisation, appraising risks, determining guidelines for risk management, including the assignment of personnel responsible for finding measures for controlling and managing risks within acceptable levels.

The 5 Members are as follows.

|    | Name              |              | Position  |
|----|-------------------|--------------|---|
| 1. | Mr. Krish         | Follett      | Chairman of the Risk Management Committee         |
| 2. | Mr. Supotch       | Pakaworawuth | Risk Management Committee Member                  |
| 3. | Mr. Suchart       | Layluxsiri   | Risk Management Committee Member                  |
| 4. | Dr.M.L. Sirapirom | Teeraprasert | Risk Management Committee Member                  |
| 5. | Ms. Sunee         | Kongsong     | Risk Management Committee Member<br>and Secretary |

The Risk Management Committee holds office for a term of 1 year, in the period of May 2015 to May 2016.

## Powers of the Risk Management Committee

1. The power to invite relevant employees of the Company to provide an explanation, present an opinion, participate in a meeting or submit documents deemed as necessary and relevant.
2. To consult experts or advisors of the Company (if any) or hire external advisors or experts where necessary under the Company's expense.
3. To have the power to appoint a working group to assess and monitor risks in the entire organization.

## Duties and Responsibilities

1. To determine policies, targets and plans as well as to set up a clear and continuous risk management system for the management of significant risks, and to report to the Board of Directors and communicate to the Audit Committee for acknowledgement.
2. To promote collaboration in the management of risks at all levels in the organization.
3. To oversee that the Company's risk management system is appropriate and efficient, giving significance to early warning signs and reports of irregularities.
4. To develop the entire organization's risk management system in order to ensure continual efficiency.
5. To revise and amend the Risk Management Committee Charter which would be submitted to the Board of Directors for approval.
6. To perform other tasks as assigned by the Board of Directors.



During 2015, The Risk management Committee held its meeting 4 times, and subsequently reported the results to The Board of Directors and shareholders as stated in annual report, whereby the meeting dates had been decided in advance throughout the entire year.

## 6. The Executive Committee

Board of Directors Meeting No. 2/2558 on 11<sup>th</sup> May 2015 passed a resolution to appoint Executive Committee Members to perform management duties as assigned by the Board of Directors. These duties are performed responsibly, cautiously and in good faith as a prudent business operator under the same circumstances. As Executive Committee Members, they enjoy trade bargaining powers without undue influence.

The 11 Members are as follows

|     | Name              |                  | Position                         |
|-----|-------------------|------------------|----------------------------------|
| 1.  | Mrs. Varindr      | Leelanuwatana    | Chief Executive Officer          |
| 2.  | Mr. Supotch       | Pakaworawuth     | Managing Director                |
| 3.  | Miss Dusadee      | Soontrontumrong  | Deputy Managing Director and CFO |
| 4.  | Mr. Somphol       | Chaisiroj        | Executive Director               |
| 5.  | Mr. Suchart       | Layluxsiri       | Executive Director               |
| 6.  | Miss Kochakorn    | Peungsiricharoen | Executive Director               |
| 7.  | Miss Siriporn     | Hanudomlap       | Executive Director               |
| 8.  | Dr.M.L. Sirapirom | Teeraprasert     | Executive Director               |
| 9.  | Miss Marin        | Leelanuwatana    | Executive Director               |
| 10. | Miss Yupaporn     | Jearrakul        | Executive Director               |
| 11. | Mrs. Tueanjai     | Puengsiricharoen | Executive Director               |

There are 2 advisors to the Executive Committee, namely Mr. Somchai Songsakdech and Mr. Kriangsak Sripaisal. The Executive Committee holds office for a term of 1 year, in the period of May 2015 to May 2016.

### Powers of the Executive Committee

1. To appoint, remove, transfer, evaluate as well as to determine the remuneration and welfare benefits of employees at every levels.
2. To appoint and remove any other working committee to carry out any activity with respect to the management of the Company.
3. To consult specialists or advisors of the Company (if any), or to hire external advisors or specialists where necessary at the expense of the Company.
4. To issue rules and notifications on the performance of work, and to have the ability to delegate powers to an Executive Committee Member and/or an executive-level employee as the authorized signatory for giving approval to disposals of the Company's assets.
5. To approve the acceptance or cancellation of the credit lines in an amount not exceeding Baht 60 million each time.

6. To approve the grant of loans to companies having business relationships with the Company as shareholders or companies engaged in trade with the Company or other companies in the amount not exceeding Baht 80 million per company.
7. To approve the guarantees of credit lines for companies having business relationships with the Company as shareholders or companies engaged in trade with the Company or other companies in the amount not exceeding Baht 40 million per company.
8. To approve investments and sales of investments in capital instruments and/or debt instruments in an amount not exceeding Baht 20 million each time.
9. To approve procurements and investments in fixed assets in an amount not exceeding Baht 20 million each time.
10. To approve the modification, demolition and writing off of fixed assets and/or intangible assets which are decommissioned, out of order, lost, damaged, deteriorated or outdated and no longer usable with book value not exceeding Baht 1 million per year.
11. To approve the adjustment of price and destruction of raw materials and/or outstanding stocks that have deteriorated or become outdated, which could have an effect in reducing the book value as actually occurred.
12. To approve a settlement, dispute settlement by arbitration, filing of complaint, lawsuit and/or to participate in any legal proceedings on behalf of the Company for the non-normal business of the company amounting not exceed Baht 2 million per episode and/or the normal business of the company with amounting not exceed Baht 20 million per episode.
13. To approve the dispatch of employees to foreign countries for work or study visits in an amount not exceeding Baht 1 million each time.
14. To approve transactions not part of the normal business in an amount not exceeding Baht 20 million each time.
15. To delegate authority to the executive-level employees of the Company or any other person to act on its behalf.
16. To have the power to summon executive officers and relevant employees of the Company for an explanation, opinion, participation in a meeting, or the submission of documents deemed as relevant and necessary.
17. To issue any other work regulations as deemed appropriate.
18. All powers of the Executive Committee stated above which involve the acquisition or disposal of assets and connected transactions shall be exercised in accordance with Notifications of the Capital Market Supervisory Board.

### Duties and Responsibilities of the Executive Committee

1. To propose the goals, policies, plan and annual budget to the Board of Directors.
2. To take responsibility for the management of the Company in accordance with the direction, goals and business policies of the Company.
3. To take charge in enhancing the competitiveness of the Company and to promote continual innovations.
4. To supervise the operations of the Company in accordance with the laws, objects, Articles of the Company, resolutions of the meeting of shareholders, resolutions of the Board of Directors, as well as relevant rules and regulations.
5. To supervise the preparation of financial statements, which shall be submitted to the auditor for audit and/or review prior to submission to the Audit Committee and Board of Directors respectively.
6. To consider matters submitted to the Board of Directors for approval or endorsement.
7. Executive Committee Members may divide the works and responsibilities amongst themselves, in which case reports on the activities within each member's supervision must be submitted to the meeting of the Executive Committee for acknowledgement.

8. To revise and amend the Charter of the Executive Committee and to submit such revision or amendment to the Board of Directors for approval.
9. To carry out any other acts as assigned by the Board of Directors.

During 2015, The Executive Board held its meeting 12 times, where by the meeting dates had been decided in advance throughout the entire year.

## 7. Chairman

### Authority, duty, and responsibility scope of the Chairman

1. Take responsibility as the leader of The Board of Directors in monitoring and supervising the operations of The Board of Directors and various committees.
2. Preside at The Board of Directors' meeting. In case of tie, the Chairman adds an additional vote as a casting vote.
3. Summon The Board of Directors' meeting or may assign another person to act on own behalf.
4. Preside at the shareholders' meeting and control the meeting to be in accordance with the company's regulations regarding the meeting. Conduct the meeting according to the agenda specified in the invitation to the meeting, unless the meeting resolves to change the order of the agenda by votes of not less than two-thirds of the shareholders present at the meeting.
5. Engage in other acts as assigned by The Board of Directors.

## 8. Managing Director

The Board of Directors, in meeting No. 2/2558 on 11 May 2015, appointed Mr. Supotch Pakaworawuth as Managing Director. Powers, duties and responsibilities of the Managing Director are as defined by the charter, as follows:

### Powers, Duties and Responsibility of the Managing Director

1. To have the power to administer the operations of the Company pursuant to policies, law, objectives, Articles of the Company, resolutions of the meeting of shareholders, resolutions of the Board of Directors, resolutions of the Executive Committee, as well as relevant regulations and procedures.
2. To have the power to issue orders and carry out any act as necessary and appropriate in order to satisfactorily carry out the functions under article 1., and in the case of an important matter, a report shall be made and/or notice shall be given to the Board of Directors and/or the Executive Committee.
3. To consider the recruitment, appointment, transfer, removal, including appraisals and disciplinary measures, as well as to determine remuneration and welfare benefits of employees. In any event, any action taken must not be contrary to or inconsistent with the authority of the Executive Committee.
4. To have the power to issue regulations on the Company's operations, such regulations not being inconsistent with or contrary to the policies, articles, regulations, rules, orders and resolutions of the Board of Directors and/or Executive Committee.
5. To grant and/or delegate powers to other persons to perform specific tasks on behalf of the Managing Director.
6. To promote and develop adherence to good conduct, legal compliance, ethics and culture in the Company's business operations while observing good governance principles.
7. To carry out any other act as entrusted by the Board of Directors and/or Executive Committee.
8. Any question or ambiguity arising from the exercise of such powers shall be submitted to the Board of Directors for determination.

9. The above powers of the Managing Director shall not be exercised in the event of the Managing Director's having a potential personal interest in or a conflict of interests of any character with the Company.

In addition, the Executive Committee has appointed several subcommittees to enable participation of employees in certain areas of management of the Company to ensure compliance, efficiency and effectiveness of Company operations. The following subcommittees have been appointed.

1. Safety, Vocational Hygiene and Working Environment Committee
2. Workplace Welfare Committee
3. Social Responsibility Working Group

## Nominating and Appointment of Directors and Executive Officers

The Board of Directors were appointed by the shareholders' meeting. Since the Company shareholding was not structured as a joint venture, there is no need to allocate Director positions according to shareholder groups.

### 1. Selection Procedure for Appointment of Company Directors

The Nominating Committee has the duty of selecting suitably qualified persons for appointment as Company Directors. The nominations are submitted to the Board of Directors for consideration before a proposal to the Annual General Meeting of Shareholders. Appointment is confirmed by the votes of the majority of shareholders in attendance and casting votes. However, in the event of a vacation of office other than the completion of term, with a remaining term of not less than 2 months, the Board of Directors would select a person nominated by the Nominating Committee for appointment as a Company Director by the votes of not less than three quarters of the remaining Directors. Such Company Director appointed to fill the vacant position would serve for the remaining term of the replaced Company Director.

When selecting persons for nomination as a Company Director, the Company has stipulated Director qualifications with due regard to Board Diversity, including professional skills, expertise in a field beneficial to the Company's business and an ability to meet the demands of the vacant position. There is no discrimination against gender. The Company also looks for leadership, vision, fairness and ethics. The selected person must have an unblemished professional record and not be under a disqualification stated by law or the Company's Articles. The Company gives an opportunity to minority shareholders to participate in the nomination of suitably qualified Directors. Also, the Nominating Committee reviews additional nominations from professional directors in the directory of the Thai Institute of Directors (IOD).

As for the nominating of Independent Directors, the Nominating Committee would take into account the qualifications of Independent Directors stipulated by the Company in accordance with the Notification of the Capital Market Supervisory Board in addition to the abovementioned basic criteria.

### Independent Director's qualifications

The Board of Directors resolved to adopt the definition for "Independent Director" having qualifications in accordance with the notification of The Capital Market Supervisory Board as follows:

1. Holding shares not exceeding 1 percent of the total number of voting rights of the company, its parent company, subsidiary, associated company, major shareholders or controlling person of the company, including the shares being held by related persons of independent directors.
2. Neither being nor having been an executive director, employee, staff, or advisor who received regular salaries, or being a controlling person of the company, its parent company, subsidiary, associated company,

same-level subsidiary, major shareholders or persons having supervision authority over the company, unless the foregoing status ended not less than two years prior to the date of their appointments as independent directors. Nevertheless, such prohibited nature would not apply in the case of these independent directors having earlier served as government officials, or advisors to government agency acting as major shareholder in the company or having supervision authority over the company.

3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executive, major shareholder, controlling person, or person to be nominated as executive or as controlling person of the company or its subsidiary.
4. Not having business relationship with the company, its parent company, subsidiary, associated company, major shareholders or controlling person of the company, in such manner likely to interfere with own independent judgement, and neither being nor having been a significant shareholder or person having supervision authority over the person who has business relationship with the company, its parent company, subsidiary, associated company, major shareholders or controlling person of the company, unless the foregoing relationship ended not less than two years prior to the date of appointment as independent director. The term 'business relationship' aforementioned under paragraph one included any normal business transaction, rental or lease of immovable property, transaction relating to the assets or services or the granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar action, resulting in the company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under The Notification of The Capital Market Supervisory Board regarding The Compromise Criteria for Connected Transactions. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.
5. Neither being nor having been an auditor of the company, its parent company, subsidiary, associated company, major shareholders or controlling person of the company, and not being a significant shareholder or person having supervision authority, or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, associated company, major shareholders or controlling person of the company, unless the foregoing relationship has ended not less than two years prior to the date of appointment as independent director.
6. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the company, its parent company, subsidiary, associated company, major shareholders or controlling person of the company, and not being a significant shareholder or person having supervision authority or partner of the professional advisor, unless the foregoing relationship has ended not less than two years prior to the date of appointment as independent director.
7. Not being a director who has been appointed as the representative of the company's director, major shareholder, or being a shareholder who is related to the major shareholder.
8. Not engaging in business operations of the same business nature or in competition against the business operations of the company or its subsidiaries, nor serving as a significant partner in a limited partnership or otherwise serving as a director participating in the management, or serving as employee or consultant receiving regular salary or holding over 1% shares out off total shares in other companies engaging in the same business nature or in competition against the company and its subsidiaries.

9. Not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business affairs.

After appointed to be independent director who qualifies as stated above, such independent director may be assigned by the Board of Directors for taking part in the business decisions of the company, its parent company, its subsidiaries, its associated companies, same level subsidiaries, major shareholder or controlling person of the company on the condition that such decision must be a collective one.

In the event of any announcement by The Capital Market Supervisory Board imposing the revision to the qualifications for independent director, the company's independent director would thereby be required to possess such qualifications well complying with such revision.

Additionally, in the past accounting period, the independent directors of the company had neither business relationship nor professional services. Also, the appointed independent directors never have or had business relationship or professional services exceeded than the rules stipulated in the notification of The Capital Market Supervisory Board regarding the Application for and Approval of Offer for Sale of Newly Issued Shares.

## 2. Shareholders' rights to elect company directors

### Minor shareholders's rights to propose candidates as company directors.

The company provided minor shareholders with the opportunity to nominate candidates to be appointed as company directors at the annual shareholders' general meeting in advance according to the criteria specified by the company, whose further details were displayed on the company website under the heading "Investor Relations : IR News".

### Vote-casting method for director appointment

According to company articles of association no.20, the shareholders' meeting was authorized to appoint company directors according to the criteria and method as follows:

1. One shareholder shall have one vote per one share.
2. Each shareholder must exercise all of the votes he or she has under the first paragraph to elect one or several persons to be a director or directors and must not allot his or her votes to any person in any number.
3. The persons receiving the highest number of votes, followed by those with descending highest number of votes shall be elected as the directors fulfilling the number of directorship required to be elected by the shareholder's meeting. In case the number of votes for the candidates in descending order are equal and exceed the number of directors to be elected at said meeting, the Chairman shall cast the deciding vote.

## 3. The selection method for the person to be appointed as Chief Executive Officer

### The nominating of the management

The nominating process for the persons to further serve in management positions for the company begins with the nominating of the persons having good qualifications and sound morality and ethics to join the company. The company then trains and develops these people to be well-prepared to meet the challenges as future management members, through its consistent evaluation process of employees' potentials and capabilities.



Those employees so selected and trained by the company would be assigned to work in the positions having higher authority and responsibility scope. As general practice, the company regularly carries out training programs seeking to upgrade employees' potentials to a higher level, so as to be well-prepared to take up further significant positions when they become vacant.

## The nominating of the Chief Executive Officer

With the regard of nominating methods for the company's Chief Executive Officer, The Nominating Committee shall consider and select from the current management or others, with qualified knowledge and abilities, who understand the company's business very well, as well as be able to manage to achieve the objectives and targets set by The Board of Directors, and also not be prohibited by laws. Accordingly, such person is then proposed to The Board of Directors for consideration of appointment.

## Supervising the operations of subsidiaries

The designated Company Directors will meet together to select a person which the Company would nominate and vote to appoint as a director of a subsidiary company. The number of persons voted by the Company for appointment would be in proportion to the Company's shareholding. The person appointed as a director of a subsidiary company would be under a duty to act in the best interest of that subsidiary company, except on matters pertaining to important policies having an impact on business operations for which the Company requires such appointed person to obtain the approval of the Board of Directors prior to voting on the resolution.

The Company has a policy of ensuring that a subsidiary has a sufficient and appropriate internal control system. The Company's internal audit office would monitor the subsidiary company's internal control system every year. In addition, the Company instructs the person appointed by the Company to oversee the subsidiary company's compliance and disclosure of significant information pursuant to the same applicable rules as the Company, such as connected transactions, acquisition or disposal of assets or other significant transactions, including supervision of data collection and financial accounting of the subsidiary company in order to facilitate inspections and consolidation of financial statements in a timely manner.

The Company does not have any agreement with other shareholders on the management of subsidiary companies. The Company also does not have any agreement with other shareholders on the allocation of returns other than normal returns pursuant to the proportion of shareholding in the subsidiary company.

The Company invested in 3 subsidiary companies in the year 2015. The boards of directors of each company are as follows.

### 1. S.Apparel Company Limited

| List of Directors |                               | Position          |
|-------------------|-------------------------------|-------------------|
| 1.                | Mr. Supotch Pakaworawuth      | Chairman          |
| 2.                | Ms. Siriluk Dhanasarnsilp     | Managing Director |
| 3.                | Ms. Dusadee Soontrontumrong   | Director          |
| 4.                | Mr. Kanokchai Mingquanpiyakul | Director          |
| 5.                | Mr. Woradej Puengsiricharoen  | Director          |
| 6.                | Mr. Chayarop Mahamontri       | Director          |

## 2. T-Chamber Company Limited

| List of Directors |                                 | Position                       |
|-------------------|---------------------------------|--------------------------------|
| 1.                | Ms. Dusadee Soontrontumrong     | Chairman and Managing Director |
| 2.                | Mr. Supachoke Sirichantaradilok | Director                       |
| 3.                | Ms. Supha Nokmuang              | Director                       |
| 4.                | Dr.M.L. Sirapirom Teeraprasert  | Director                       |

## 3. Celebrate Wealth Company Limited

| List of Directors |                              | Position                       |
|-------------------|------------------------------|--------------------------------|
| 1.                | Mr. Amnuay Bumroongwongtong  | Chairman and Managing Director |
| 2.                | Ms. Marin Leelanuwatana      | Deputy Managing Director       |
| 3.                | Mrs. Varindr Leelanuwatana   | Director                       |
| 4.                | Ms. Dusadee Soontrontumrong  | Director                       |
| 5.                | Mr. Suchart Layluxsiri       | Director                       |
| 6.                | Ms.Yupaporn Jearrakul        | Director                       |
| 7.                | Mr. Chairat Wattanachotiawat | Director                       |

### Supervision of inside information

The company emphasizes on the protection and supervision over usage of inside information, as specified in the company's business ethics, prohibit directors, managements and employees who access to inside information, from any act in exploitation of such inside information, especially those information not yet disclosed to the public. Violation is considered as a disciplinary offence. In addition, for the period of 1 month prior to the disclosure of financial statements to the public, the company sent out circular letter to directors, managements, and employees who access to inside information, instructing them to refrain from any purchase or sales of company shares. In 2015, no directors, managements and employees were found violate usage of inside information.

Also, the company has required directors and managements to report their shareholding status including those hold by spouses and children under legal maturity within 30 days from the date of appointment as director or management. In case the directors or managements wish to change their shareholding status, they should inform the company secretary 1 day in advance. And shall report to The Securities and Exchange Commission in accordance with article 59 of The Securities and Exchange Act B.E.2535 including inform the company secretary within 3 working days upon completion of the transaction.

### Auditor expenses

#### 1. Audit fee

The Company and subsidiary companies have obtained approval from the meeting of shareholders to pay an audit fee to ASV and Associates Limited, the audit office of the auditor's affiliation. Details of the fees are as follows:

Unit : Baht

| Audit Fee                       | 2015      | 2014      |
|---------------------------------|-----------|-----------|
| Thanulux Public Company Limited | 909,000   | 909,000   |
| 3 Subsidiary Companies          | 441,000   | 441,000   |
| Total                           | 1,350,000 | 1,350,000 |

## 2. Other Services

The Company and subsidiary companies paid fees for other services in the year 2015. The fees were paid for review of compliance with conditions under the Investment Promotion Certificate. In 2014, fees were paid for review of compliance with Investment Promotion Certificates and compliance with contractual obligations pertaining to calculation of royalties.

Unit : Baht

| Other Service Fees              | 2015   | 2014    |
|---------------------------------|--------|---------|
| Thanulux Public Company Limited | 60,000 | 101,000 |
| 3 Subsidiary Companies          | 0      | 0       |
| Total                           | 60,000 | 101,000 |

## Compliance with Other Aspects of Good Governance Practices

The Company has announced the application of good governance principles since the year 2002. These principles have been revised and updated by the Board of Directors every year. The Good Governance Principles (1st Revision) was approved on 19th February 2014, in line with the "Good Corporate Governance Principles for Listed Companies 2012" of the Stock Exchange of Thailand, comprising 4 sub-headings, namely:

1. Governance Policies
2. Governance Principles under 5 Chapters
3. Business Ethics
4. Codes of Conduct for Company Directors, Executive Officers and Employees.

The aforementioned improvements are part of the operational standard upgrades pursuant to the Company's good corporate governance principles which have been undertaken as preparation for entry to the ASEAN Economic Community (AEC). These principles include good practices for Company Directors, Executive Officers and employees in the performance of their duties. In order to promote and support consistent compliance, the Company has distributed these guidelines to Company Directors, Executive Officers and employees, which are also disclosed on the Company website.

Good governance principles are divided into five sections, as follows.

## Section 1 : Rights of Shareholders

The Board of Directors appreciates and respects the ownership rights of shareholders. As a consequence, corporate governance principles have incorporated safeguards for shareholder rights, including the non-violation or non-infringement thereof. The Board of Directors assumes the function of overseeing the equitable benefits of shareholders, as well as supporting and promoting all shareholder groups whether foreign or domestic, major, retail or institutional shareholders to enable the exercise of their respective rights, as follows:

- 1.1 **Basic rights** : Referred to the right for shares transaction, the right to receive profits allocation in term of dividend payment based on outstanding shares, the right to access company information in sufficient, timely, and consistent manner, the right to attend and cast votes at the shareholders' meeting, the right to elect individual company director and approve directors remuneration, the right to remove directors, the right to appoint company auditor and approve audit remuneration, and the right to appoint proxy to attend and cast vote on his/her behalf.
- 1.2 **The right to significant information access** : Shareholders were entitled to access information on an equitable basis. In that regard, the company facilitated information distribution in both Thai and English languages, via the channels of The Stock Exchange of Thailand and company website, to provide shareholders with additional access channel. Such information included performance results, connected transactions, changes in the funding structure, changes in supervisory control, transactions of significant company assets, and other information essential for decision-making by shareholders.
- 1.3 **The right to attend the shareholders' meeting** : The company held its annual shareholders' meeting regularly each year, within 4 months after completing its accounting year. Nevertheless, in the event of such emergency situations possible affecting the shareholders' interests, or involving amendments to the laws or company articles requiring approval by the shareholders, the company was authorized to convene the extraordinary shareholders' meeting on a case by case basis. The company held its meeting at such date, time, and venue, deemed convenient to the shareholders, to facilitate their meeting attendance. For 2015, the company convened the shareholders' general meeting once, without convening any shareholders' extraordinary meeting, according to the following details:

During the 41<sup>st</sup> General Meeting of Shareholders for 2015, the Company treated the shareholders in the following chronological order.

## Proceedings Prior to the Shareholders' Meeting Day

1. The company informed the shareholders of the resolution to convene the shareholders' meeting 61 days prior to said meeting date, namely on February 26, 2015 to allow the shareholders sufficient time to plan their meeting attendance.
2. The company disseminated the meeting invitation letter via company website, carrying the same content as the letter sent to the shareholders, in both Thai and English, 32 days prior to the meeting, to provide the shareholders with necessary information in a swift, convenient, and sufficient manner in advance.
3. The company sent out the meeting invitation letter to the shareholders 18 days prior to the meeting exceeding the minimum time limit specified by law.
4. The company also posted the announcement notifying said meeting invitation to the shareholders in the newspapers for 3 consecutive days, 19 days prior to the meeting namely during April 9 - 10, 2015 and April 16, 2015.
5. Shareholders could submit questions in advance 2 days prior to the meeting day. The shareholders were informed of this right through the Company website and the notice of invitation to the shareholders' meeting.
6. The documents sent out to the shareholders were, the meeting invitation letter providing details on the rationale for each meeting agenda, together with related opinions by The Board of Directors and the documents in support of the voting decision by the shareholders for each meeting agenda. Furthermore, the documents also included the annual report publication, profile of the persons nominated as directors replacing those due to retire upon term completion, definition of independent director, profile of independent directors proposed as proxies by the shareholders, company regulations regarding the shareholders' meeting, the documents and evidences required for the shareholders to present for meeting attendance, meeting regulations, meeting procedures, the map of the meeting venue, and the registration form. Other documents were the proxy appointment letter form B for voting in line with the shareholders' decision, or the proxy appointment letter either form A and C which shareholders could download from company website, as well as procedures for shareholders to post advance questions prior to the shareholders meeting.

## Day of Shareholders' Meeting

1. Determination of day, time and place of meeting that is convenient and suitable, and does not pose an obstacle for attendance. In 2015, the Company held the General Meeting of Shareholders on Tuesday, 28th April 2015, 11.00 hours, at Montien Riverside Hotel.
2. Registration of shareholders attending the meeting by barcode scanning was open 2 hours prior to the meeting and remained open until the conclusion of the meeting. Registration was open from 9.00 hours. Sufficient staff was provided for meeting registration. Duty stamps were also provided for shareholders granting proxies to others or Independent Directors to attend the meeting on their behalves. Voting placards and ballot papers were distributed to shareholders for casting votes.
3. The Board of Directors attaches significance to the meeting of shareholders. Attendance at all meetings is deemed a duty, save for important engagements or illness. At the General Meeting of Shareholders for 2015, 10 Directors were present, including the Company Chairman and Chairmen of all Company Committees. In addition, the Managing Director, Chief Financial Officer, Executive Committee Members and Company Auditor were also present and open to questions from shareholders on relevant issues.
4. Prior to the commencement of the meeting, the Company Secretary declared the meeting quorum as well as explained voting and vote counting procedures for voting of shareholders in each agenda pursuant to the law and Company Articles. In the event of a shareholder attending the meeting after the commencement of the meeting, the Company still granted the right to vote in the remaining agenda that had not yet been considered and voted upon. Such shareholder would be included in the quorum.
5. In order to ensure transparency of the meeting in accordance with laws and the Company Article, the Company invited a representative of the Company's audit office, namely ASV And ASSOCIATES LIMITED, to act as a witness in the vote counting. A barcode system was used for processing of votes in each agenda, and the voting results were displayed instantly on a screen at the meeting room's anterior.
6. During the meeting, the chairman proceeded with the meeting in accordance with the agenda stated in the notice of meeting without adding any new items in the agenda or changing any significant data without giving prior notice to shareholders and gave investors opportunity to question, comment and suggest equally and thoroughly in all agendas. In the General Meeting of Shareholders for 2015, no shareholder requested for the addition of any new item in the agenda and there were no questions from the meeting.

## Important agenda in the meeting of shareholders consisted of the following:

- (1) Dividend Payout: The Company had provided details on the appropriation of earnings and payment of dividends which were in accordance with the payout policies of the Company, including comparison between the dividend payout of the current year and preceding year. Also specified record date for the shareholders who are entitled to receive dividends and the closing date of the share transfer registration.
- (2) Appointment of Directors: The Company provided an opportunity for shareholders to elect directors individually. Preliminary information on each person nominated for election as director, together with a specification of positions held in other businesses of the nominees, clearly stating whether the nature of such companies' were identical to or in competition with the businesses of the Company, shareholding in the Company, Meeting attendance record (In case reappointed at the expiration of term), type of directorial position nominated and nominations were made after screening by the Nominating Committee.
- (3) Directors' Remuneration: The Company had provided details on the amount of remuneration proposed, which was in accordance with the policies and conditions relating to the remunerations of directors subsequent to review

by the Remuneration Committee. The Company proposed remuneration limits for approval by the meeting of shareholders on an annual basis and disclosed remunerations of the Company Board of Directors and remuneration of other sub committees in Form 56-1 as well as in the Annual Report.

- (4) Appointment of Auditor and Determination of Audit Fee: The Company had provided details on the names of auditors, along with their audit office, independence, relationship with the Company, number of years of performing duties, reasons for change of auditor (if any), and comparative data on the audit fees for the current and preceding year. This information had been reviewed by the Audit Committee. Other fees for services rendered by the audit office to which the auditor was affiliated with respect to both the Company and its subsidiaries were also disclosed.

## Voting Summary of Shareholders in Each Agenda

| Agendum | Number of shareholders | Approval    |        | Disapproval |   | Abstention |   |
|---------|------------------------|-------------|--------|-------------|---|------------|---|
|         |                        | Shares      | %      | Shares      | % | Shares     | % |
| 1       | 108                    | 109,437,500 | 100.00 | -           | - | -          | - |
| 3       | 108                    | 109,437,500 | 100.00 | -           | - | -          | - |
| 4       | 108                    | 109,437,500 | 100.00 | -           | - | -          | - |
| 5.1     | 108                    | 109,437,500 | 100.00 | -           | - | -          | - |
| 5.2     | 108                    | 109,437,500 | 100.00 | -           | - | -          | - |
| 5.3     | 108                    | 109,437,500 | 100.00 | -           | - | -          | - |
| 6       | 108                    | 109,437,500 | 100.00 | -           | - | -          | - |
| 7       | 108                    | 109,437,500 | 100.00 | -           | - | -          | - |

## Proceedings after the Shareholders' Meeting Day

- The company disclosed the resolutions adopted by the shareholders' meeting, together with the voting results for each meeting agenda, in both Thai and English, via the news channel of the SET, and the company website, on the following day.
- The company compiled the meeting minutes subsequent to the shareholders' meeting, by incorporating all essential details and summarizing voting results for each meeting agenda, classified as consent, dissent, and abstention votes, together with the record on the discussion and conclusion regarding significant topics. Said minutes was submitted to The Stock Exchange of Thailand and The Securities and Exchange Commission within 14 days subsequent to the meeting, and disseminated on the company website, in both Thai and English, so as to enable the shareholders to review said minutes content without having to wait until the next shareholders' meeting.
- The company recorded the meeting on VDO, for further dissemination to the shareholders upon request.

As a consequence of the General Meeting of Shareholders carried out by the Company in a transparent and accountable manner, in compliance with laws and Company Articles, facilitating shareholders attending the meeting, In 2015, the Company was awarded an assessment level "Excellent" for quality of shareholders' meeting from the Thai Investors Association.

## Section 2 : Equitable Treatment of Shareholders

### 2.1 The shareholders' meeting

- (1) The Company granted an opportunity to shareholders to propose meeting agenda in advance, as well as to nominate suitable persons for election as Directors in the General Meeting of Shareholders for 2015.



A proposal could be made between 1-30 December 2014 pursuant to the rules and procedures stipulated and published on the Company website [www.thanulux.com](http://www.thanulux.com). Notice was also given to shareholders through the Stock Exchange of Thailand information system. During that period, no shareholder made any proposal for an addition to the meeting agenda.

- (2) The right to vote at the meeting was in accordance with the number of votes held by the shareholder. Each share carried one vote. There was no share which carried a preference or limitation on the voting rights of other shareholders.
- (3) In the case of foreign shareholders, the company sent out meeting invitation letter in English, to facilitate the understanding by foreign shareholders, as well as disseminating said information on company website made accessible at the same time as The Thai version.
- (4) In the case where shareholders could not attend the meeting in person, the company allowed said shareholders to appoint proxies from independent directors or other parties, to attend the meeting on own behalf. The company provided clear details pertaining to the proxy appointment letter, sent together with the proxy appointment letter (form B), allowing the shareholders to instruct own voting direction. For the shareholders' meeting in 2015, there were 2 shareholders holding the combined 60,160 shares who had appointed an independent director to act as the proxy on their behalf.
- (5) The voting procedure for each meeting agenda was carried out in a transparent manner, with the voting ballot provided the shareholders for each agenda, whereas only disapproval and abstention votes were kept afterwards. Nevertheless, for the agenda related to directors' appointment, all voting ballots bearing the signature of each shareholder were collected and kept as evidence. Vote tallying was carried out using the barcode system and displayed on-screen in the meeting room, to facilitate convenience, transparency, and easy verification.
- (6) Shareholders were given the right to pose questions in the meeting of shareholders. At the 41st meeting, no questions were posed.

**2.2 Supervision over inside information** : The company has laid down the policy safeguarding against inside information abuse, by stating in writing in the business ethics manual, and the code of conduct for company directors, the management and employees, not allowing company directors, the management, and employees, to exploit the information or assets belonging to the company, or accorded own position, in such manner seeking unjust gains for own self or for others. In relation to this, the company handed out relevant manuals to company directors, the management, and the employees, to serve as guidelines for their business operations and assignments, while also disseminating those information on company website. Furthermore, the company also incorporated above information into company regulations, together with the penalty provision. In 2015, no contravention of such policy by any Company Director, Executive Officer and employee was found.

**2.3 Supervision over the transaction of company securities** : The Board of Directors has prescribed measures to prevent the use of inside information and measures to prevent wrongful insider trading for the benefit of oneself or of others, by forbidding the directors, the management, and the employees working in those departments accessible to inside information, to engage in the transaction of company securities, during the period of 1 month before the disclosure of such information to the public. The company distributed said instructions in circular to all concerned parties each quarter, together with the penalties to be imposed in the case of violation or non-compliance with said regulation. In 2015, all the company directors and management members strictly followed accordingly, without engaging in such transactions during said period.

Also, the company has required directors and managements to report their shareholding status including those hold by spouses and children under legal maturity within 30 days from the date of appointment as director or management. In case the directors or managements wish to change their shareholding status, they should inform the

company secretary 1 day in advance, And shall report to The Securities and Exchange Commission in accordance with article 59 of The Securities and Exchange Act B.E.2535 including inform the company secretary within 3 working days upon completion of the transaction. In addition, the Company has included an agenda on the declaration of holdings in the Company's securities by Company Directors, Executive Officer and the spouses and children under legal maturity thereof in the meetings of the Board of Directors as mandatory agenda.

- 2.4 **Treatment of conflict of interests** : The company treated the issue of conflict of interests with caution and reason, with the company's interests in mind, by laying down operations systems in a transparent manner, deemed as one major policy regarding good governance practice and business ethics for the company. The company supervised the implementation of connected transactions so as to comply with the announcement by The Capital Market Supervisory Board. Before implementing each connected transaction requiring prior approval from The Board of Directors, the item was first proposed to The Audit Committee for endorsement prior to submitting to The Board of Directors for further approval. The directors with possible conflict of interests were not allowed to take part in the meeting. Afterwards, the company informed said meeting resolution to the shareholders via the news channel of the SET together with the company website. The information included the disclosure of names and relationship of connected parties, pricing policy, transaction value, and other related details, as well as the opinions of The Board of Directors pertaining to such transactions. Furthermore, the company held The Board of Directors' meeting subsequent to the shareholders' meeting each year, to decide on the approval criteria for business transactions under normal business term, conducted between the company and the directors, management members, or connected persons. Such transaction items were to be concluded and reported to The Board of Directors on a quarterly basis.
- 2.5 **Supervision over assets transaction** : The company supervised assets transaction in accordance with the announcement by The Capital Market Supervisory Board regarding the acquisition and disposal of assets, whereby directors with possible conflict of interests were not allowed to participate, so as to facilitate fairness and transparency.

### Section 3 :Role of Stakeholders

The Board of Directors appreciates and respects the rights of all stakeholders. Regard is given to the rights under the law or agreements executed by the Company. As a consequence, a policy has been determined as a guideline for treatment of each stakeholder group. Further regard is also given to communities, society and the environment. This policy aims to achieve sustainable development, combat wrongful and corrupt practices, prevent intellectual infringement, as well as respect human rights. A social responsibility report has been prepared accordingly.

The Company has prepared a **Code of Business Ethics and Employee Conduct** for Company operations in order to secure confidence that all stakeholders will be protected and treated fairly and equally.

- 3.1 **Shareholders** : The Company respects the rights of both major and minority shareholders as required various laws and regulations. All shareholders are treated equally. The Company strives to satisfactorily represent the shareholders in advancing the businesses as well as generating a fair return in accordance with the dividend policies of the Company. In addition, the Company has mechanisms for ensuring the trust of shareholders in obtaining accurate information, controlling connected transactions, and having measures for preventing conflicts of interests. Measures have also been in place to prevent the exploitation of insiders' information for personal benefits, including the use of such information for the trade of the Company's securities, especially in the 1 month period prior to the disclosure of financial statements to the public, which is stipulated in the code of conduct for employees.

The Company invited all shareholders to the annual general meeting. Shareholders were given the right to vote on all agenda. Shareholders also have the right to acquire important information, such as the Company's quarterly operating results, investment disclosures and connected transactions. The Company has disclosed these data through channels of the Stock Exchange of Thailand and the Company website ([www.thanulux.com](http://www.thanulux.com)).

In 2015, the Company paid dividends for 2014 operations and retained earnings at the rate of Baht 0.85 per share, equivalent to a dividend payout 47.45 percent of the net profits of the separate financial statements on 22 May 2015. This dividend payout exceeds the prescribed dividend policy of Baht 0.20 per share. The payments reflected a continuous payout of dividends to the Company's shareholders, thereby genuinely building long-term wealth to the shareholders.

**3.2 Employees :** The Company realizes that employees are the most valuable resources and constitute the heart and main driving force of the organisation to success. The Company has therefore treated its employees in accordance with good governance principles. Human dignity, human rights and ethics are respected and promotion, support, practice, training and knowledge development of employees are provided comprehensively for employees. Employees are given opportunities to express their potential. They are also encouraged to participate in determining the development and operational directions of the Company. In order to secure career path security, the Company offers fair remuneration for employees as appropriate for the knowledge, skills, responsibilities and performances of each employee. (For further details on the promotion and development of employee knowledge, please refer to CSR Report, the heading on Fair Labour Treatment, under the sub-heading "Personnel Development".)

Moreover, the Company has looked after the working environment by having due regard to the safety of life, health and properties of employees. Security personnel are on duty 24 hours a day. Alarm systems have been installed in buildings. Safety equipment and fire engines have been provided. Basic firefighting training and drills have been held as well as evacuation drills and the use of personal protective equipment. These training and drills were held to promote the employees' understanding of the proper practices according to standard systems on safety and the environment. Various welfare benefits have also been provided for employees to raise the quality of lives and standard of living, e.g.

- Together with the Saha group set up cooperatives for employees.
- Provision of a clinic attended by a medical doctor twice weekly and a nurse every day.
- Annual medical examination
- Employee uniforms
- Welfare sale of goods at special prices as sustenance aid for employees
- Collaboration with the Government Housing Bank in providing low-interest housing loans
- Accommodation for employees assigned to perform tasks in other provinces
- Additional payments to employees in proportion to their work performances
- Provident fund for future savings
- Retirement benefits
- Financial assistance in the event of death of an employee, employee's parent and spouse.
- Financial assistance in the event of an employee being a victim of fire or a natural disaster, such as flooding or storms.
- Internal and external training for employees to promote and develop knowledge and skills
- Cash rewards for employees completing 10, 20, 30, 40 years of employment

In addition, the Company has established a Welfare Committee in order to offer an opportunity for employees to participate in the administration of welfare benefits and to act as a centre for the comprehensive distribution

of welfare aid to employees, as well as to act as a channel for communications, suggestions or voicing grievances on various matters pertaining to work.

- 3.3 Customers :** The Company operates its businesses by adhering to the principles of loyalty, justice and providing accurate information to customers. Customers' complaints are handled with priority and processed with all due fairness in order to promote an expeditious response to customers' needs as well as to develop products and services which meet the requirements of customers. Constant innovations are undertaken in order to add value to products and services according to the quality accreditation ISO9001 on design and manufacture of garments and leather goods. Customers' trade secrets are also protected. A survey of customer satisfaction on quality, services and delivery of goods show that the Company enjoyed a satisfaction approval of more than 90%.

In this regard, the Company has a customer relations center which serves as a central medium for receiving comments and suggestions from customers. The center may be call at 0-2295-0911-9, 0-2295-4171-80, 0-2681-3441-50 press 101.

- 3.4 Competitors :** The Board of Directors placed much importance on fair and honest business competition under the framework specified by law. Accordingly, the company always implemented its business operations according to fair competition rules. Over the years, the company was never engaged in any trade dispute with other competitors.
- 3.5 Business : partners**The Company has prescribed policies relating to fair treatment and responsibilities towards business partners pursuant to agreements, trading terms and conditions and the representation of accurate data. Good relations and understanding have been fostered, including exchanges of knowledge. Products are jointly developed to add value. The Company does not demand, receive or accept any properties or benefits outside the scope of trade agreements. In 2015, there was no case of non-compliance of trade agreement.
- 3.6 Creditors :** The Company has prescribed policies on the fair treatment of creditors. The policy espouses responsibility and transparency through strict compliance with contractual terms and conditions. In the previous year, the Company paid sums to creditors in accordance with the agreed credit terms without any default.
- 3.7 Communities and Society :** The Company operates business with due regard to impact on communities and society. There is a continual instillation of conscience of responsibility amongst employees. One heading of the social responsibility policy is the importance attached to participation in community development. The Company would consider the needs of communities and participation in the development of community quality of lives. Attitudes and organizational cultures are fostered in order to enable employees to participate in volunteer works and socially beneficial activities with communities.

In 2015, the Company participated in the Industrial Development Project for Corporate Social Responsibility of the Department of Industrial Works (CSR-DIW), Ministry of Industry. A workshop was held with communities in the vicinity of the Company and changes were made to the environment. Activities were also held as requested by communities. Channels for receiving complaints from communities on various matters relating to the environment or hardship caused by the Company on communities. Activities which were beneficial to communities and the society as a whole have been disclosed in the Corporate Social Responsibility Report for 2015.

- 3.8 Environment :** The Company appreciates responsibility towards the environment towards employees and communities. As a consequence, environmental management system pursuant to standard ISO14001 has been installed alongside the organization's business operations. Environmental policies have been prescribed for compliance. These policies are disseminated to employees and trading partners in an attempt to spread environmental management guidelines as a standard throughout the supply chain.

In 2015, the ISO14001 standard was already installed. The Company also received the CSR-DIW Award 2015 from the Department of Industrial Works, Ministry of Industry. In subsequent years, the Company will continue to participate in various projects as a guarantee of the Company's commitment to environmental care.

**3.9 Promotion of efficient use of resources :** The Company realizes the importance of control on the use of resources for sustainable development. This can be achieved with the cooperation of all personnel in the organization. A value is promoted amongst employees that society advancement requires a balanced development in the economy, quality of life as well as natural resources and environmental conservation.

In 2015, the Company has energy conservation measures. There were plans and targets for reduction of energy consumption by at least 5% from the preceding year. An organizational culture and conscience are also instilled amongst employees at all levels to promote cooperation and mutual responsibility in the use of resources. Activities were held to encourage employees to exercise creativity and use scrap materials to create value. In addition, there were training on the most value for money consumption of energy in machinery for employees in the manufacturing line and other activities, e.g. campaign signs for water conservation, conservation of lighting at various locations in order to build an awareness of all employees on efficient and sustainable use of resources.

**3.10 Knowledge Building and Training of Employees on the Environment :** The Board of Directors has promoted employees' awareness of the importance of the environment. The Company disseminated knowledge on the environment to employees via the internet, information notice board and audio announcements, as well as continually promoted employees' training to build knowledge on the environment.

In 2015, employees participated in environment training modules such as the ISO14001:2004 and CSR-DIW courses.

**3.11 Promotion of Activities or Participation in Community Development Activities :** The Board of Directors has attached importance to community development by continually promoting activities which are beneficial to communities.

In 2015, the Company continually undertook economic activities for the benefit of communities. A project was organized, entitled "Creative Fun (Kindergarten 1 and Kindergarten 2) Wat Chongnonthri School." The school's environment was reorganized to a presentable, habitable and educationally friendly environment in order to meet the needs of students in terms of physical, emotional and intellectual development. In addition, merit making activities and meals for children were also provided, together with the provision of appliances to community volunteers on the occasion of the death of Dr. Thiam Chokwatana at Wat Chongnonthri and Bua Luang Community Childcare Center. The Company also sponsored renovations to the environment for senior citizens in Preecha Community, Bangpongpang Sub-district, Yannawa District pursuant to senior citizen care pilot project.

**3.12 Policies and Guidelines Relating to Non-Involvement with Human Rights Infringement :** The Board of Directors attaches importance to fundamental human rights. Business operations are in compliance with laws and human rights principles. There is no discrimination on the basis of gender, race, religion, political rights or other factors. The Company also has a policy of not taking any action and not supporting any activity that is in violation of human rights, such as combatting against the use of child labour by not employing any person below the age of 15 as a Company employee. The Company gives the right to employees to file objections and prove one's innocence in the face of an allegation or corrupt practice. Employment is not terminated unfairly. Employees are treated in accordance with the law on labour protection, which includes the firm protection of employees' human rights. Employees are also educated on human rights principles, which would be applied to operations. Throughout the Company's business operations, there has been no history or court proceedings relating to human rights violations (details on compliance with these policies are provided in "Corporate Social Responsibility Report").

**3.13 Policies and Guidelines for Non-Infringement of Intellectual Property and Copyrights :** The Company has a policy of operating its business transparently, with ethics and fairness. Intellectual properties or trademarks are not used without prior permission. Employees are stimulated to invent innovations to increase the value of goods. Products and work processes are developed to improve efficiency. Innovation contests have been held within the Company continually since 2007, now extending 8 years till present. These contests select candidates for



the Saha Group Innovation Contest held during the annual Saha Group Export & Trade Exhibition. In the 2015 Chairman Awards, the Company received 2nd prize Product Award for the innovation “All Day Hugs without Creases” and an outstanding prize for System & Process for the innovation “Sales Stimulation”, and a consolation prize Petty Awards for the innovation TAG fixer and intelligent work storage device.

As for trademarks, the Company has received licenses for manufacturing, sales and distribution of several trademarks. The Company has strictly complied with the contractual terms and conditions. There has been no infringement. There has also been a campaign to prevent employees throughout the organization from using fake products.

In 2015, the Company did not commit any infringement of intellectual property or trademark.

**3.14 Anti-Corruption :** Pursuant to the working philosophy of Dr. Thiam Chokwattana, the founder of Saha Group, there is an emphasis on integrity and justice. The Company has instilled a core value of not promoting actions of employees and Executive Officers which constitute corrupt practices or giving or receiving bribes to obtain benefits for the Company. This value has been stated in the Business Ethics and Employee Code of Conduct. Thus, on 19th February 2014, the Board of Directors adopted a resolution to approve the signing of the Declaration of the Private Sector Collective Action against Corruption. Therefore, to ensure consistency with the Company’s principles of good corporate governance as well as the general intents and social responsibility, the Company has implemented the policy of compliance with anti-corruption laws by prohibiting Company Directors, Executive Officers and employees from committing any act or from accepting or supporting any form of corruption, whether directly or indirectly. This prohibition applies to all businesses and all related employees.

Anti-Corruption Policy and Anti-corruption procedure can be found under the heading “Anti-Corruption” in the part pertaining to the Social Responsibility Report.

**3.15 Participation channels for the stakeholders :** The Board of Directors provides channels and procedures for all stakeholder groups to report or file a complaint on any matter which poses a risk of loss to the Company, the accuracy of financial statements or an unfair treatment. Shareholders and other stakeholders may contact Mr. Supachoke Sirichantaradilok, Company Secretary and Investor Relations Officer, by telephone at 02-284-0062, facsimile at 02-294-5101, email: supachoke@thanulux.com or contact Mr. Woradej Puengsiricharoen, Vice-President for Internal Audit, who also reports directly to the Audit Committee, by telephone at 02-295-4171-9 ext. 168, facsimile at 02-294-5101, or email: audit@thanulux.com. Investigation outcomes would be reported to the Board of Directors. Details on informants and complaints will be kept secret. Additional information are available in the social responsibility report under the heading “Anti-Corruption”. In 2015, there were no complaints filed by shareholders and stakeholders.

#### Section 4 : Information Disclosure and Transparency

The Board of Directors oversees that there is proper, transparent and timely disclosure of significant information in accordance with the relevant laws and regulations. These disclosures include reports filed in accordance with accounting periods and reports of events having an impact on shareholders’ interests, as well as the disclosure of other information pursuant to the principles of good corporate governance prescribed by the Stock Exchange of Thailand. Disclosure is made to the extent that the Company’s legitimate interests are not prejudiced. Information is published in both Thai and English on the Company’s website, disclosure channels of the Stock Exchange of Thailand and other channels which are comprehensively and equitably accessible.

The Company has transmitted such information through the information dissemination system of the Stock Exchange of Thailand within the time limit for dissemination to the investors and the general public. Moreover, the Company has added new dissemination channels by publishing the information on the Company’s website (www.thanulux.com) in both Thai and English and regularly updating such information.



The information disclosed in the annual reporting form (56-1) and annual report (56-2) include not only financial statements, but also information on various matters which are demonstrative of business transparency, as follows:

- 4.1 **Good Governance** : The Company discloses good governance policies, good governance principles, business ethics and codes of conduct for Company Directors, Executive Officers and employees, as well as report performance results on compliance with such policies on the Company website.
- 4.2 **Social and Environmental Policies** : The Company holds this as an important business policy, and thus prescribes therefor in its good governance policies. Regard shall be given to impact on natural resources and the environment. Details of compliance with such policies may be found under the heading “Social and Environmental Responsibility”.
- 4.3 **Risk Management Policy** : The Company has disclosed risk factors affecting businesses, indicating the characteristics of the risks, causes, impact and approaches to preventing or mitigating those risks.
- 4.4 **Shareholding Structure** : The Company has disclosed the list of top 10 shareholders of the Company as at the date of book closing prior to the general meeting of shareholders. This disclosure is made on the Company website ([www.thanulux.com](http://www.thanulux.com)).
- 4.5 **Report of Board of Directors’ Responsibility for Financial Statements** : The Board of Directors is aware of the significance of Financial Statements that are accurate, complete and in accordance with accounting standards. The disclosure of such information has been audited by an independent auditor and approved by the Audit Committee and Board of Directors prior to dissemination to shareholders. Also, in order to secure confidence, the Board of Directors has prepared a Report of the Board of Directors’ Responsibility for the Financial Statements, signed by the Company Chairman and Managing Director, disclosed in the Annual Report and Form 56-1 together with the Auditor’s Report. In 2015, the Company’s Financial Statements were approved unconditionally by the auditor. The Financial Statements have been submitted to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission in a timely manner. No instructions were given to amend the Company’s Financial Statements.
- 4.6 **Performance of the Board of Directors and Company Committees** : The roles and duties of the Board of Directors have been disclosed, along with the number of meetings, attendance of each Company Director in meetings during the past year, under the heading “Management Structure” and “Governance” in the part pertaining to the Board of Directors and Company Committees.
- 4.7 **Securities Holding of Directors and Executive Officers** : The Company has disclosed shareholdings and changes in shareholdings in the Company during the year of Directors and Executive Officers, directly and indirectly, in the Annual Report. Details can be found under the heading “Shareholding and Management Structures” in the part pertaining to Report of Shareholdings of Directors and Executive Officers in Thanulux Public Company Limited as of 31st December 2015”
- 4.8 **Remuneration of directors and executives** : a disclosure of the policy on remuneration payments to directors and executives, including the forms, types and amount of remuneration received by director and sub-committees, these details have been disclosed in Form 56-1 and in the annual report under the heading on executive remuneration.
- 4.9 **Report of Directors’ Interests Policy** : The Board of Directors has prescribed a policy for Company Directors and Executive Officers to report to the Company every occasion which gives rise to a personal interest or the interest of a connected person. In 2015, the Company Directors and Executive Officers have strictly complied with the policy. In addition, during the meeting of the Board of Directors, an interested Director could not participate in deliberations on an important agenda, and the Company has disclosed the interests of such Company Directors and Executive Officers in the notice of resolution submit to the Stock Exchange of Thailand information system.

- 4.10 Development of Directors and Executive Officers** : The Company has disclosed information on training and development of Directors and Executive Officers. Details can be found under the heading “Information on the Board of Directors, Executives, Controller, Company Secretary” and “Governance” in the part pertaining to compliance with good governance principles in other areas (Section 5 Responsibilities of the Board of Directors, Article 5.7).
- 4.11 Connected Transactions** : The Company has complied with the rules of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. There are clear, prudent and reasonable guidelines for the greatest benefit of the Company and shareholders. Details of such transactions are disclosed, with specifications of contractual parties, relationships, characteristics of transaction, price terms and value of transaction, to the Stock Exchange of Thailand, published on the Company website and summarized in the Annual Disclosure Report (Form 56-1) and Annual Report (Form 56-2) under the heading “Connected Transactions”.
- 4.12 Quarterly Performance Reports** : The Company has published quarterly performance reports on the Stock Exchange of Thailand and Company websites. In the event of a change in net earnings in the same quarter on a year-on-year basis by more than twenty percent, the Company would provide an additional explanation for the performance.
- 4.13 Whistle Blowing** : The Company has prescribed a policy and measures for the protection of employees or whistle blowers in the Code of Conduct of Company Directors, Executive Officers and Employees. Details can be found under the heading “Anti-Corruption on Social Responsibility Report.”
- 4.14 Investor relations** : The company has stressed the importance of disclosing transparent and comprehensive information. Various news have been disseminated to investors and related persons in a timely manner and on an equal basis through channels and media of the Stock Exchange of Thailand, and via the Company’s website at [www.thanulux.com](http://www.thanulux.com). In addition, the Company has designated a person who can provide information and news as required by investors or related persons. Mr. Supachoke Sirichantaradilok, Company secretary and Investor relations, may be contacted by telephone at 0-2295-0911-19, 0-2295-4171-80, extension 323, by facsimile at 0-2294-5101, or by email at [supachoke@thanulux.com](mailto:supachoke@thanulux.com).

In 2015, the Company and companies in the Saha Group, comprising a total of 15 companies, in collaboration with the Stock Exchange of Thailand, held the “7th “Analysts and Investors Meet Saha Group” event, on 26 June 2015 at Queen Sirikit Convention Center within the 19th Saha Group Fair to give analysts and investors opportunity to acknowledge significant development of the company. In addition, the Company and companies of the Saha Group jointly prepared a summary fact book on all 15 companies of the Saha Group. The fact books were distributed to analysts and investors attending the event. Interested persons who did not attend the event may watch a video recording of the event through channels of the Stock Exchange of Thailand and the Company website.

## Section 5 : Responsibilities of The Board of Directors

The Board of Directors plays an important role in governing the Company to ensure efficient operations. These duties must be performed responsibly, prudently, honestly, and must utilize knowledge and competencies in the determination of the Company vision and mission statement with a view to securing sustained growth. In addition, there must be oversight of Executive Officers and employees to ensure compliance with guidelines in order to achieve the set objectives, as follows:

- 5.1** The Board of Directors has prescribed a structure for the Board of Directors comprising of persons having a diverse range of knowledge, competencies and experiences, without limitation to gender, and having the qualifications required by law. At least one Company Director is a Non-Executive Director who has experience in the Company’s business undertaking. There are also Independent Directors as required under the Notification of the Office of the Securities and Exchange Commission.

- 5.2 The Board of Directors has provided a definition for an Independent Director which meets the minimum requirements of the Office of the Securities and Exchange Commission.
- 5.3 The Board of Directors has appointed Committees to screen key matters prior to submission to the Board of Directors.
- 5.4 The Board of Directors has issued a charter for each Company Committee by prescribing the tenure and scope of powers and duties to clearly demarcate the roles, duties and responsibilities of each Company Committee and the management.
- 5.5 The Board of Directors has a policy which requires Company Directors and Executives holding directorial positions in other companies to make a disclosure to the Company Chairman and Chairman of the Audit Committee.
- 5.6 The Board of Directors has provided for a Company Secretary to perform duties prescribed by law and as entrusted. The qualifications of a Company Secretary should be a person possessing knowledge of law or accounting, or who has completed training relating to the performance of company secretarial duties. Continual training and knowledge development are also continually provided.
- 5.7 The Board of Directors has prescribed policies for governance, business ethics and codes of conduct for Company Directors, Executives and employees to ensure a harmonized approach.
- 5.8 The Board of Directors has prescribed a Company vision and mission so that the Company Directors, Executives and employees would strive towards the same goal.
- 5.9 The Board of Directors has a policy of continually promoting and sponsoring the development of knowledge amongst Company Directors, Executives and employees.
- 5.10 The Board of Directors prescribes an annual meeting schedule in advance every year. The determination of agenda takes into account the fair interests of shareholders and all stakeholders. All Company Directors enjoy independence in the expression of opinions. A Company Director having an interest in an agenda shall not have the right to vote in such agenda.
- 5.11 The Board of Directors prescribes a duty for Company Directors to attend all Board Meetings unless there is a necessary cause.
- 5.12 The Board of Directors has a policy of encouraging senior Executives to attend Board Meetings.
- 5.13 The Board of Directors provides Non-Executive Directors with opportunities to meet among themselves in the absence of the management when necessary. The Managing Director shall be notified of the meeting outcome.
- 5.14 The Board of Directors has a policy of promoting the Company Directors' access to essential additional information from the Managing Director, Company Secretary or other assigned Executives within the scope of the set policies. In the event of necessity, the Board of Directors may obtain independent opinions from advisors or external professionals on the Company's expenses.
- 5.15 The Board of Directors has implemented measures pertaining to conflicts of interest which are prudent, rational and in compliance with the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 5.16 The Board of Directors prohibits Company Directors and Executives from trading in Company shares in the 1-month period prior to the public disclosure of financial statements.
- 5.17 The Board of Directors has directed Company Directors and Executives as well as their spouses and children who have not attained legal age to have the duty to disclose shares holdings and changes in holdings of the Company shares to the Office of the Securities and Exchange Commission, and to submit a copy to the Company Secretary for reporting to the Board of Directors in the subsequent Board Meeting.
- 5.18 The Board of Directors has directed Company Directors and Executives to disclose personal interests and interests of connected persons in accordance with the prescribed rules.
- 5.19 The Board of Directors has established an internal audit unit as an internal agency accountable to the Audit Committee.

- 5.20 The Board of Directors requires an annual assessment of the Board of Directors' performance.
- 5.21 The Board of Directors prepares a report on the responsibilities of the Board of Directors pertaining to the financial statements submitted in the Annual Report.
- 5.22 The Board of Directors oversees and determines the payment of appropriate remuneration to each committee member pursuant to the powers, duties and responsibilities and draws comparison to the operation levels in the same business sector.
- 5.23 The Board of Directors has prescribed a succession plan for employees in various positions in view of their advancement to higher positions.
- 5.24 The Board of Directors provides an orientation for first term Company Directors.
- 5.25 The Board of Directors has established an internal control system and risk management system.
- 5.26 The Board of Directors has provided for the monitoring and assessment of corporate governance by establishing a corporate governance committee.

## 5.1 Board and Committee Structures

The Board of Directors, Company Committees, Executive Officers perform assigned tasks.

- (1) **Composition of the Board of Directors** : The Company Articles provide that there shall be no fewer than five Directors. At least half of the Directors must reside in the Kingdom. In 2015, there were 9 Company Directors possessing knowledge, expertise and experience in a variety of fields, namely accounting, finance, management, marketing, law and textiles. The Board of Directors consisted of:  
 Executive Directors      4 persons  
 Non-Executive Directors      5 persons(including 4 Independent Directors)  
 Hence, Independent Directors comprise more than the one-third required by law.
- (2) **Qualifications of Independent Directors** : All Independent Directors possess all qualifications for Independent Directors pursuant to the rules prescribed by the Company in the definition of "Independent Director". This definition is consistent with the Notification of the Capital Market Supervisory Board. Independent Directors and connected persons do not hold any shares in the Company, parent company, subsidiary company, associated company, major shareholder or controller of the Company. No Independent Director holds a director position in more than 5 listed companies.
- (3) **Recruitment Process** : The Board of Directors appointed a Nominating Committee to oversee the recruitment of Directors in a transparent manner (details are provided under the heading "Governance" in the part pertaining to the recruitment of Directors and Executive Officers.)
- (4) **Term of Directors** : The Board of Directors is appointed by the meeting of shareholders. Each Director remains in office for a term prescribed by the Company Articles. Upon the expiration of term, a Director may be re-elected for another term in office.
- (5) **Number of Companies in which Directors Hold Positions** : The Company has disclosed details on offices of each Director held in other companies under the heading "Personal Details of Company Directors and Executive Officers". The Company does not impose a limit on the number of companies in which Directors are allowed to hold positions since past performances of all Company Directors have shown that they are able to attend meetings regularly and have applied knowledge, competence and full devotion of their time to the management of the Company without any flaws.
- (6) **Separation of Chairman and Managing Director Positions** : The Company has clearly delineated the duties of the Chairman and the Managing Director in order to separate their respective management functions. This separation enables independence and checks, creating a balance in exercise of powers. The Company

also clearly prescribes the scope of functions of each Company Committee and the management in Board of Directors Directives which are open for inspection so as to ensure transparency of management.

- (7) **Company Secretary.** The Company has appointed a Company Secretary to perform duties and assume responsibilities as provided by law and by the Company (details are stated under the heading “Management Structure”, Article 3 Company Secretary).

**5.2 Company Committees.** The Board of Directors has appointed Company Committees to assist in responsibilities in each area in order to secure shareholder confidence that Company operations are transparent, prudent, screened, reviewed and duly advised. The scope of functions and responsibilities of each Company Committee has been clearly prescribed (further details have been provided under the heading “Governance” in the part pertaining to Company Directors and Company Committees and “Management Structure” in the part pertaining to the Board of Directors).

### **5.3 Roles, duties and responsibilities of the Board of Directors.**

#### **(1) Leadership and Vision**

The Board of Directors consists of persons having diverse knowledge, competency and expertise as well as specializations in areas beneficial to the company. The Board would grant its approval to visions, tasks, strategies and authorize important issues pertaining to policies, strategies, plans and annual targets for the executive, as well as oversee that the administration carried out by the management is effective and consistent with the policies and prescribed business plans.

The Board of Directors determines the vision and mission of the Company. A resolution of Board of Directors meeting no. 2/2559 on 3<sup>rd</sup> March 2016 has altered the vision and mission statements in order to suit current business operations. A policy is in effect to review the vision and mission of the Company at least once a year. Also, the Board of Directors also gives approval to the strategy, target work plans and annual budget of the Company proposed by the management, as well as provides mechanisms for the supervision, monitoring and assessment of management performance to ensure consistency with targets and guidelines. This ensures value adding and prosperity of the Company and shareholders. At the same time, regard is given to all stakeholders.

#### **(2) Good Corporate Governance**

The Board of Directors appreciates the significance of good corporate governance. In this connection, good corporate governance principles have been issued in writing, consisting of 4 parts, namely, corporate governance policies, corporate governance principles, business ethics and codes of conduct for Company Directors, Executive officers and employees. Reviews of compliance and good corporate governance principles are undertaken regularly on an annual basis and published on the Company website. In addition, handbooks have been disseminated to Company Directors, Executive Officers, employees, who have all been directed to strictly adhere to the handbook. This commitment furthers the Company’s good governance and business transparency (details of governance policies, business ethics and Codes of Conduct for Company Directors, Executive Officers and employees have been published on the Company website [www.thanulux.com](http://www.thanulux.com)).

#### **(3) Management of Conflicts of Interests**

The Board of Directors attaches significance to the scrutiny of transactions which could potentially lead to a conflict of interests. This is to be carried out prudently, honestly and in good faith. Thus, policies relating to conflicts of interests have been prescribed as part of the corporate governance policies and business ethics. Further details are available on the Company website ( [www.thanulux.com](http://www.thanulux.com) ). In 2015, the Company disclosed details of transactions with potential conflicts of interests under the heading “Connected Transactions”.

## **(4) Supervision of Control Systems and Internal Audit**

The Company has attached significance to internal control systems in regard to administration, finance, operations and supervision. An internal audit unit performs the duties of auditing various operational systems, including computing systems. The unit also gives advice to ensure effective compliance with guidelines, independence, full accountability and checks and balances. The unit reports directly to the Audit Committee and hold regular meetings with the Audit Committee to exchange views pertaining to audit and audit results.

Each quarter, the Audit Committee reports operating results together with observations and suggestions to the Board of Directors meeting. Board of Directors meeting No. 2/2559 on 3<sup>rd</sup> March 2016 was attended by Audit Committee Members, during which the sufficiency internal controls of the Company and subsidiaries were assessed in 5 areas, namely organisation and environment, risk management, control of management, information and communications systems and monitoring systems, all of which were deemed suitable and effective.

## **(5) Risk Management**

The Board of Directors has appointed a Risk Management Committee to determine work plans and clear procedures for risk management. The Risk Management Committee classifies risks, causes of risks, including assessments of opportunities and threats, in order to formulate a risk management plan. The objective is to minimize or eliminate certain risks under systematic and continual supervision that is most effective, as well as to monitor and assess the management of each risk factor to within acceptable levels. Parameters have been set for the Committee to undertake reviews, monitors and provide advice on risk headings, as well as approaches for remedying and preventing those risks in a continual and systematic manner. A report is submitted to the Board of Directors every quarter to ensure achievement of the objectives of risk management which encompass the entire Company (details of risk management in each aspect of the Company are stated under the heading “Risk Factors”).

## **5.4 Board of Directors Meetings**

The Company determines the dates and times of meetings for the entire year, scheduling at least one meeting each quarter, except in the event of a special agenda where additional meetings may be called as necessary. In each meeting, the Company Secretary would send notices of the meeting together with the meeting agenda and supporting documents at least 7 days in advance in order to enable the directors to sufficiently consider and study those documents prior to attending the meeting.

The Board of Directors has given importance to the attendance of meetings and upholds as a duty to attend all Board of Directors meetings in order to acknowledge and participate in the decisions of the Company. In the first quarter of each year, the Board of Directors would invite senior executives to attend the Board of Directors meeting in order to directly provide additional information and details on the standings of problems, as well as to propose operational plans, strategies and targets for annual operations.

In every meeting, the Chairman would give an opportunity to all directors to debate and express opinions independently. A director who had an interest in the matter considered would not attend the meeting and have no right to vote. At the end of the meeting, the Company Secretary, as a recorder of the meeting, would prepare the meeting minutes and send the minutes to the Chairman within 7 days for consideration and signature as verification. In any event, directors are able to express opinions, request amendments or additions to the minutes for greater accuracy.

Minutes that have been approved by the meeting and signed by the Chairman would be archived systematically at the Company office in order to enable searches, references and inspections by the Board of Directors and related persons.



In 2015, 5 Board Meetings were held. The attendance of each director has already been stated in form 56-1 and the Annual Report.

**5.5 Assessment of the Board of Directors :** The Board of Directors appreciates the significance of its roles, duties and responsibilities towards the performance of functions for the best interest of the Company and all stakeholders. Therefore, there is an annual assessment of the Board of Directors as a whole, the results of which would be applied to improving performance. The assessment form is derived from the form provided by the Stock Exchange of Thailand. Assessments are undertaken in the following aspects:

1. Roles, duties and responsibilities of the Board of Directors
2. Director independence
3. Relationship with the management and stakeholders

In 2015, the Company Secretary sent the assessment form to all Directors. Each Director has independence in completing the assessment. Upon completion, the forms were returned to the Company Secretary for processing and reporting to the Board of Directors in the meeting thereof. The assessment result of the entire Board of Directors for 2015 revealed that the Board of Directors was of the opinion that performance was complete and at the level of “very good”.

**5.6 Remunerations :** The Remunerations Committee would consider the appropriate remunerations limit and make a proposal to the Board of Directors for consideration before submission to the meeting of shareholders for approval of the remunerations limit.

The 41st General Meeting of Shareholders for 2015 on Tuesday, 28th April 2015 approved the remunerations limit for Company Directors at Baht 10.0 million per year. Payments were made as meeting allowances at the rate approved by the meeting of shareholders and paid only to the Directors present. Annual fees were paid to all Directors. The Remunerations Committee was tasked with the allocation of those fees.

Remunerations of Executive Officers are in accordance with Company policies. Regard is given to the Company’s performance and the individual performance of each Executive Officer. In all events, the remunerations of Directors and Executive Officers in 2015 have been disclosed by the Company in Form 56-1 and the Annual Report under the heading “Remunerations of Directors and Executive Officers.”

**5.7 Development of Directors and Executive Officers :** The Company attaches importance and promotes opportunities for increasing knowledge of all Directors and Executive Officers. Thus, the Company sponsors the enrollment of all Directors in courses which would be beneficial to the performance of Director duties. Directors have participated in courses organized by the Thai Institute of Directors (IOD), i.e. Director Accreditation Program (DAP) and Director Certification Program (DCP), at least one of which is required by the SEC for directors of listed companies. Apart from the requisite courses, the Board of Directors also attaches significance to participation in other courses of the Thai Institute of Directors, e.g. Audit Committee Program (ACP), Understanding the Fundamental of Financial Statements (UFS) and Finance for Non-Finance Director (FND), and the Role of Chairman (RCM). These training would enhance their competence as professional leaders with proper understanding of their roles and duties and enable them to become role models for advancing the organization to good governance. Furthermore, there are shorter seminars beneficial to the performance of duties by the Board of Directors, including other courses to be organized by IOD in the future.

Details of participation in training on Director roles of each Director have been disclosed in the Annual Report and Form 56-1 under the heading “Information on the Board of Directors, Executives, Controller, Company Secretary”.

## Training of Directors

In 2015, one Director, Miss Dusadee Soontrontumrong, Deputy Managing Director and CFO, participated in a seminar course on the foundations of the new audit report organized by the Office of the SEC, Federation of Accounting

Professions and Stock Exchange of Thailand on Tuesday, 15<sup>th</sup> December 2015.

## Orientation of New Directors

The Company organized an orientation for new Directors in order to inform them of the Company's business policies, as well as relevant information, e.g. the Company's principal businesses, performance, organizational structure and shareholders, for the benefit of performing duties of new Directors. In addition, a "Handbook for Directors of Listed Companies" are also distributed to all Directors, containing the following details:

1. Summary of comparison between the Company Articles, Securities and Exchange Act and Public Companies Act.
2. Charters of the Board of Directors and Company Committees.
3. Governance Policies

**5.8 Succession Plan :** The Company has a policy of continually developing its personnel in order to strengthen the organization. The aim is to provide drive and opportunity for self-development and the full realization of potentials. In this regard, the company has organized a scheme for developing high-potential personnel through the nominating, analysis and assessment of competencies in order to devise an individual development plan. This scheme prepares the personnel for executive positions where they will continue to drive the organization in the future. Moreover, the Company grants educational scholarships to employees at bachelor's degree and master's degree levels for domestic and overseas studies. The aim is to enable employees to obtain knowledge that would be beneficial to the performance of work. The Company also promotes study visits within and outside of the country.

Furthermore, the Board of Directors appreciates the importance of building executives to succeed the chief executive positions. The following principles are pursued:

1. A description of the chief executive positions, relevance to targets and strategies of the organization, as well as a specification of the qualifications, knowledge and skills required.
2. Nominating of executive officers who possess competence and abilities.
3. Analysis of individual qualifications in order to identify strengths and areas in need of further development.
4. Constructing an individual development plan to promote development of competence and potentials.

From the importance attached and the continual development of good governance of Company Directors, Executive Officers and Company Employees. In 2015, the Company received a "very good" governance rating for listed companies in 2015 from the Thai Institute of Directors, sponsored by the SEC and the Stock Exchange of Thailand.

## Internal Control System

The Company attaches continuing significance to the internal control system. An internal control system which sufficiently incorporates all activities, as appropriate for current business operations, has been installed. This measure ensures the maximization of efficiency and productivity, asset oversight and effective utilization of resources, accurate and reliable financial reporting, accounting and other reports, as well as compliance with laws and regulations related to the business operations. Internal control guidelines pursuant to international standards on the organization's environment, objective setting, identification of risk events, risk assessment, risk response, control activities, information and communication systems, performance monitoring and appraisal, including Control Self-Assessment (CSA), have been applied in order to enable all work units to make advance assessment of risks and prepare contingency plans in order to minimize any impact to acceptable levels.

The Board of Directors and Audit Committee finds that, in the year 2015, the Company and its subsidiaries had sufficient, appropriate and effective internal control systems.

## Connected Transactions

In 2015, the Company executed accounting transactions with subsidiaries and connected companies, i.e. companies sharing common groups of shareholders or common directors, as stated in note 5 of the financial statements. The notes provide details on the characteristics of connected companies, policies for determining prices for connected transactions and the determination of connected transactions, as follows:

1. Connected revenues and expenditures for the year ending 31<sup>st</sup> December 2015, e.g. sales revenue, dividends received, other incomes, goods and raw materials purchases, sales and administration expenses and purchases of fixed assets (please refer to note 5.2 of the financial statements).
2. Connected assets and liabilities as at 31<sup>st</sup> December 2015, e.g. accounts receivable, short-term loans, accrued income, investments, accounts payable and accrued expenses (please refer to note 5.3 of the financial statements).

## Connected Transactions as Defined by the Stock Exchange of Thailand

Transactions between the company or its subsidiaries with connected person that occurred in 2015 are as follow:

### 1. Ordinary and Usual Course of Business

The Board of Directors in meeting No. 4/2557 held on 6<sup>th</sup> November 2014 adopted a resolution which granted authorization for the execution of certain types of transactions with 17 connected persons in respect of the Company's ordinary and usual course of business which occurred or was expected to occur in the year 2015. These transactions were aimed at mutual promotion and business development, enhancement of competitiveness for the benefit of the Company, price reasonableness and other related conditions. The details are as follow:

| No. | Connected Person                                  | Nature of Relationship                           |
|-----|---|--|
| 1   | Ramasorn Thaveekarn Company Limited               | Acting as major shareholder                      |
| 2   | S. Apparel Company Limited                        | SPI acting as Co- Major shareholder              |
| 3   | PTK Multi-Service Company Limited                 | SPI acting as Co- Major shareholder              |
| 4   | Wise Winner Company Limited                       | RST acting as Co- Major shareholder              |
| 5   | Morgan De Toi (Thailand) Company Limited          | SPI and ICC acting as Co- Major shareholder      |
| 6   | Total Way Image Company Limited                   | SPI, ICC and RST acting as Co- Major shareholder |
| 7   | International Leather Fashion Company Limited     | SPI, ICC and RST acting as Co- Major shareholder |
| 8   | Thai Monster Company Limited                      | SPI and RST acting as Co- Major shareholder      |
| 9   | Thai Takaya Company Limited                       | SPI and ICC acting as Co- Major shareholder      |
| 10  | SSDC (Tigertex) Company Limited                   | SPI and ICC acting as Co- Major shareholder      |
| 11  | Thai Itokin Company Limited                       | SPI, ICC and IDF acting as Co- Major shareholder |
| 12  | Thai Secom Pitakkij Company Limited               | SPI and ICC acting as Co- Major shareholder      |
| 13  | Eastern Thai Consulting 1992 Company Limited      | SPI acting as Co- Major shareholder              |
| 14  | Thai Gunze Company Limited                        | SPI and ICC acting as Co- Major shareholder      |
| 15  | Erawan Textile Company Limited                    | SPI and ICC acting as Co- Major shareholder      |
| 16  | Saha Pathana Inter-Holding Public Company Limited | Acting as major shareholder                      |
| 17  | Thai Wacoal Public Company Limited                | SPI acting as Co- Major shareholder              |

Notes :  
 SPI = Saha Pathana Inter-Holding Public Company Limited  
 ICC = I.C.C. International Public Company Limited  
 RST = Ramasorn Thaveekarn Company Limited  
 IDF = I.D.F. Company Limited

## General Characteristics of Transactions:

| Transaction   | Revenue/<br>Expenditure | Example of Transaction       | Approved<br>Limit<br>(Million<br>Baht) | Actual Transaction<br>in 2015<br>(Million Baht) |
|---|-------------------------|------------------------------|--|---|
| Support of Ordinary and Usual<br>Course of Business             | Revenue                 | - consultancy income         | 8.0                                    | 5.34  |
| Short-term Lease of Immovable<br>Property Not Exceeding 3 Years | Expenditure             | - consultancy fees           | 1.0                                    | 0.96  |
| Transaction Related to Assets<br>or Services                    | Revenue                 | - Rent of Immovable Property | 30.0                                   | 7.57  |
| Financial Assistance  | Revenue                 | - Data Processing Fee        | 5.0                                    | 2.11  |
|   | Expenditure             | - Security Fee               | 8.0                                    | 4.0   |
|   |                         | - Loans                      | 95.0                                   | 77.0  |
|   |                         | - Guarantees                 |  |   |

### Rules for Determining Returns

1. Rental Income determined on location, condition and assets (immovable assets) utilization.
2. Data Processing fee based on cost plus reasonable compensation from asset utilization quantitative
3. Consultancy Fee calculated from cost plus the reasonable remuneration depending on the complexities and scope of service.
4. Rental of Alarm Devices derived from type of alarm devices used in risk areas.
5. Security fee derived from the headcount of security guards in each shift.
6. Lending interest calculated from average deposit interest rate of 5 big commercial banks plus reasonable defined rate.
7. Guarantee fee fee at reasonable rate.

**Interested Directors** : exited the meeting room and did not cast votes, namely

1. Mr. Boonsithi Chokwatana
2. Mrs. Varindr Leelanuwatana
3. Mr. Supotch Pakaworawuth
4. Miss Dusadee Soontrontumrong
5. Mr. Wichai Suthitivanich
6. Miss Marin Leelanuwatana
7. Pol.Lt.Gen. Amarin Niemskul

### Size of transaction

The above transactions executed between the persons and connected companies constituted connected transactions under the Notification of the Board of Governors of the Stock Exchange of Thailand.

Class 2: regular business support

Class 3: short-term lease of immovable property

Class 4: transaction related to a property or service

Class 5: financial assistance

Pursuant to the Notification of the Board of Governors of the Stock Exchange of Thailand on Disclosure of Information and Practices of Listed Companies in Connected Transactions B.E. 2546 (2003), disclosure is required for classes 2, 3 and 4 transactions with values of over 1 million Baht but not exceeding 20 million Baht, or over 0.03% but not exceeding 3% of NTA, whichever is the greater value, and class 5 transactions with a value of less than 3% of NTA or 100 million Baht (minimum value). Regarding to the value of the aforementioned transactions, the Company was not required to seek approval of the shareholders' meeting, but approval of the Board of Directors and disclosure of information to the Stock Exchange of Thailand were required.

No Company Director held a differing opinion from the Board of Directors.

## 2. Purchase of Ordinary Shares of Singer Thailand Public Company Limited

Board of Directors Meeting No. 3/2558 on 13<sup>th</sup> July 2015 approved the purchase of ordinary shares of Singer Thailand Public Company Limited from Saha Pathana Inter-Holding Public Company Limited. The transaction was a Big Lot purchase in the Stock Exchange of Thailand for the amount of 1,350,000 shares at the price of Baht 14.10 per share, a total value of Baht 19,035,000. The transaction was executed in the interest of managing the Company's excess liquidity.

### Connected Persons

1. Saha Pathana Inter-Holding Public Company Limited is a major shareholder of Thanulux Public Company Limited with a shareholding of 23.52%.
2. Mr. Boonsithi Chokwatana, Advisory Director, is the Chairman of Executive Board of Saha Pathana Inter-Holding Public Company Limited.

### Interested Directors

Mr. Boonsithi Chokwatana did not attend the meeting and did not cast a vote.

**Board Opinion** - No Company Director held an opinion which differed from the following opinion of the Board of Directors: Approval of investment in ordinary shares of Singer Thailand Public Company Limited due to its sound financial standing, satisfactory performance, continual payment of dividends, and also the new shareholding structure is expected to strengthen the business operations.

## 3. Purchase of Ordinary Shares of Saha Asia Pacific Company Limited

Board of Directors Meeting No. 5/2558 on 9<sup>th</sup> November 2015 approved the purchase of ordinary shares of Saha Asia Pacific Company Limited from Mrs. Teerada Ambhanwong. The purchase was for the amount of 1,200,000 shares at the agreed value of Baht 5.00 per share (Baht 10 par value), a total value of Baht 6,000,000. The book value as of 31<sup>st</sup> December 2014 was Baht 5.25 per share. The transaction was executed in the interest of business diversification into real estate development and service apartments.

### Connected Persons

Mrs. Teerada Ambhanwong is the daughter of Mr. Boonsithi Chokwatana, Advisory Director of Company.

### Interested Director

Mr. Boonsithi Chokwatana exited the meeting room and did not cast a vote.

**Board Opinion** - No Company Director held an opinion which differed from the following opinion of the Board of Directors: Approval of investment in the new business involving real estate development and service apartments. The price is deemed appropriate and satisfactory future returns are expected.

## **Necessities and Rationality of Transaction Executed with Persons having Potential Conflicts of Interests**

The operation of a business in an intensely competitive environment necessarily calls for allies or business networks in the upstream and downstream industries in order to promote business streamlining and flexibility, and thus sustainable growth and development. These persons having potential conflicts of interests are part of the Supply Chain, i.e. business allies of the Company. It is imperative that the Company execute transactions with these persons for the ultimate benefit of the Company and shareholders. Sale prices are determined according to the prevailing market price or by contract in the absence of a reference market rate.

## **Measures or Procedures for Approving Connected Transactions**

1. Transactions in the ordinary and usual course of business between the Company or its subsidiaries and a Director, executive officer or related person are executed under general commercial terms as would have been done by a reasonable person under similar circumstances. These agreements are negotiated at arm's length without any undue influence exerted by virtue of the status of a Director, executive officer or related person under provisions of Securities and Exchange Act (No. 4) B.E. 2551 (2008) section 89/12. The Management shall obtain approval of the Board of Directors' Meeting on a yearly basis in the first Board of Directors' Meeting following the Annual General Meeting of Shareholders, to inform the new Board of Directors of such matter. As regards other transactions that are not executed under general commercial terms, done in the ordinary and usual course of business of the Company or subsidiaries with connected persons, the Management shall obtain approval of the Board of Directors' Meeting on a regular basis in the 4<sup>th</sup> quarter of each year. In addition, the Management reports the transactions executed under the aforesaid conditions to the Board of Directors' Meeting every quarter.
2. Connected transactions which are not executed in the ordinary and usual course of business, if not of the size requiring approval of the shareholders' meeting under regulations of the Stock Exchange of Thailand, must first be vetted by the Executive Committee. If the size of the transaction is within the Executive Committee's authority, the process would be concluded at this stage wherein the interested person would neither attend the meeting nor cast a vote. However, if the size of the transaction exceeds the authority of the Executive Committee, the Executive Committee would submit a summary of the meeting's resolution to the Board of Directors, which also includes the Audit Committee, for further approval. In any event, the interested person would neither attend the meeting nor cast a vote.

## **Rules for Consideration**

1. Regard shall be given to the present and future benefits to the Company and Group, e.g.
  - Returns on investment, e.g. Interests and dividends
  - Company's business opportunities
2. Security which should be received by the Company in connection with the transaction
  - Assets received as security for the transaction
3. Standing of the relevant company as well as managerial competency

## **Policies and Trends for Future Connected Transactions**

The Company, as a public company, is well-aware of its responsibilities towards shareholders, employees and all stakeholders under good corporate governance principles. To the extent necessary, connected transactions will be continually made depended on economic circumstances. However, they shall be made in compliance with Notification of The Capital Market Supervisory Board concerning connected transactions guideline.



### The Board of Directors' Responsibility Report towards Financial Statements

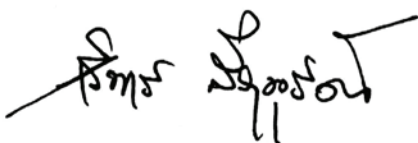
The Board of Directors duly recognized their obligations and responsibilities in their status as the directors of SET listed company, with regard to the compilation of financial statements for Thanulux Public Company Limited and its subsidiary companies. Said financial statements were prepared in accordance with Thai Financial Reporting Standards (TFRS), based on the adoption of appropriate accounting policies on a consistent basis, accompanied by careful consideration and justifiable accounting estimates.

Furthermore, adequate significant information was disclosed per the notes to the financial statements, together with necessary clarification and analysis regarding the financial positions and performances by the company and its subsidiaries, so as to contribute to the interests of the shareholders and general investors. Moreover, said financial statements were duly audited and unconditionally verified by independent certified public accountants.

At the same time, The Board of Directors had exercised efforts to promote good governance practice, and to establish risk management system and internal control system in an efficient and effective manner. These practices were intended to ensure that the recording of accounting information was carried out in an accurate, complete, and sufficient manner, in order to safeguard the assets of the company and its subsidiaries, while also safeguarding against any significant fraud or abuse.

In the regard, The company's Audit Committee whose members comprising independent directors had duly carried out audit work on the quality of the financial statements and the efficiency of internal control system. The opinions of The Audit Committee were displayed per the Audit Committee's report contained in the annual report publication, as well as the annual registration statement (form 56-1).

Accordingly, The Board of Directors concluded that, the good corporate governance practice, the risk management system, as well as the internal control system already in place at the company, were well adequate and sufficient, reasonably providing sufficient confidence to all the concerned parties that, the financial statements of the company and its subsidiaries ending December 31, 2015, were prepared and presented in substantial context, in an accurate and reliable manner.



(Mrs. Varindr Leelanuwatana )  
Chairman



(Mr. Supotch Pakaworawuth)  
Managing Director

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS THANULUX PUBLIC COMPANY LIMITED

We have audited the accompanying consolidated financial statements of Thanulux Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Thanulux Public Company Limited for the same period.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanulux Public Company Limited and its subsidiaries and of Thanulux Public Company Limited as of 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Mr. Anusorn Kiatgungwalgri  
Certified Public Accountant No. 2109  
ASV & ASSOCIATES LIMITED

Bangkok  
25 February 2016

## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2015

(UNIT : BAHT)

|   |       | Consolidated Financial Statements |                  | Separate Financial Statements |                  |
|---|-------|-----------------------------------|------------------|-------------------------------|------------------|
|   | Notes | 31 December 2015                  | 31 December 2014 | 31 December 2015              | 31 December 2014 |
| ASSETS                                  |       |                                   |                  |                               |                  |
| CURRENT ASSETS                          |       |                                   |                  |                               |                  |
| Cash and cash equivalents               | 6     | 38,903,089                        | 110,507,115      | 30,475,762                    | 100,612,063      |
| Short-term investments                  | 7     | 659,151,869                       | 698,986,526      | 653,641,894                   | 683,253,526      |
| Trade and other receivables             | 8     | 342,021,264                       | 365,232,652      | 369,682,813                   | 382,573,949      |
| Short-term loans to related companies   | 9     | 77,000,000                        | 72,000,000       | 77,000,000                    | 89,500,000       |
| Inventories - net                       | 10    | 341,303,848                       | 346,704,878      | 270,241,013                   | 289,275,573      |
| Other current assets                    |       | 15,267,498                        | 10,809,011       | 6,179,907                     | 4,597,252        |
| TOTAL CURRENT ASSETS                    |       | 1,473,647,568                     | 1,604,240,182    | 1,407,221,389                 | 1,549,812,363    |
| NON-CURRENT ASSETS                      |       |                                   |                  |                               |                  |
| Investments in subsidiaries - net       | 11    | -                                 | -                | 67,646,802                    | 43,921,046       |
| Long-term investments                   |       |                                   |                  |                               |                  |
| Available - for - sale securities - net | 12    | 1,207,112,341                     | 1,215,994,324    | 1,207,112,341                 | 1,215,994,324    |
| General investments - net               | 13    | 379,600,031                       | 379,202,122      | 379,600,031                   | 379,202,122      |
| Investments in debt securities          |       |                                   |                  |                               |                  |
| held to maturity - net                  | 14    | 306,575,165                       | 154,000,000      | 306,575,165                   | 154,000,000      |
| Other long - term investment - net      | 15    | -                                 | 37,000,000       | -                             | 37,000,000       |
| Investment property - net               | 16    | 52,336,310                        | 53,641,636       | 52,336,310                    | 53,641,636       |
| Property, plant and equipment - net     | 17    | 402,275,593                       | 411,975,328      | 369,292,145                   | 382,061,990      |
| Intangible assets - net                 | 18    | 18,706,932                        | 14,938,995       | 18,526,300                    | 14,806,122       |
| Leasehold right - net                   | 19    | 15,860,649                        | 6,424,469        | 15,860,649                    | 6,424,469        |
| Deferred tax assets                     | 28    | 36,645,009                        | 36,809,982       | 33,322,833                    | 32,806,504       |
| Other non - current assets              |       | 11,401,412                        | 12,898,791       | 4,150,597                     | 7,235,427        |
| TOTAL NON - CURRENT ASSETS              |       | 2,430,513,442                     | 2,322,885,647    | 2,454,423,173                 | 2,327,093,640    |
| TOTAL ASSETS                            |       | 3,904,161,010                     | 3,927,125,829    | 3,861,644,562                 | 3,876,906,003    |

The accompanying notes are an integral part of the financial statements.

## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES STATEMENTS OF FINANCIAL POSITION (CONTINUED) AS OF 31 DECEMBER 2015

(UNIT : BAHT)

|  |       | Consolidated Financial Statements |                  | Separate Financial Statements |                  |
|--|-------|-----------------------------------|------------------|-------------------------------|------------------|
|  | Notes | 31 December 2015                  | 31 December 2014 | 31 December 2015              | 31 December 2014 |
| LIABILITIES AND                        |       |                                   |                  |                               |                  |
| SHAREHOLDERS' EQUITY                   |       |                                   |                  |                               |                  |
| CURRENT LIABILITIES                    |       |                                   |                  |                               |                  |
| Overdrafts and short - term loans from |       |                                   |                  |                               |                  |
| financial institution                  | 20    | 6,000,000                         | -                | -                             | -                |
| Trade and other payables               | 21    | 231,754,622                       | 274,182,703      | 205,735,353                   | 251,898,278      |
| Other current liabilities              |       | 9,453,948                         | 9,553,689        | 8,230,814                     | 8,563,334        |
| TOTAL CURRENT LIABILITIES              |       | 247,208,570                       | 283,736,392      | 213,966,167                   | 260,461,612      |
| NON - CURRENT LIABILITIES              |       |                                   |                  |                               |                  |
| Retirement benefit obligation          | 22    | 178,530,077                       | 175,293,087      | 163,747,894                   | 161,894,603      |
| Deferred tax liabilities               | 28    | 148,880,991                       | 159,991,235      | 147,733,713                   | 158,823,364      |
| Other non - current liabilities        |       | 1,266,067                         | 1,333,517        | 101,420                       | 163,296          |
| TOTAL NON - CURRENT LIABILITIES        |       | 328,677,135                       | 336,617,839      | 311,583,027                   | 320,881,263      |
| TOTAL LIABILITIES                      |       | 575,885,705                       | 620,354,231      | 525,549,194                   | 581,342,875      |

The accompanying notes are an integral part of the financial statements.

## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES STATEMENTS OF FINANCIAL POSITION (CONTINUED) AS OF 31 DECEMBER 2015

(UNIT : BAHT)

|  |        | Consolidated Financial Statements |                  | Separate Financial Statements |                  |
|--|--------|-----------------------------------|------------------|-------------------------------|------------------|
|  | Notes  | 31 December 2015                  | 31 December 2014 | 31 December 2015              | 31 December 2014 |
| SHAREHOLDERS' EQUITY                       |        |                                   |                  |                               |                  |
| Share capital                              |        |                                   |                  |                               |                  |
| Registered share capital                   |        |                                   |                  |                               |                  |
| 120,000,000 ordinary shares of Baht 1 each |        | 120,000,000                       | 120,000,000      | 120,000,000                   | 120,000,000      |
| Issued and paid-up share capital           |        |                                   |                  |                               |                  |
| 120,000,000 ordinary shares of Baht 1 each |        | 120,000,000                       | 120,000,000      | 120,000,000                   | 120,000,000      |
| Premium on ordinary shares                 |        | 181,125,000                       | 181,125,000      | 181,125,000                   | 181,125,000      |
| Other components of equity                 |        | 578,713,393                       | 626,958,557      | 579,810,847                   | 627,328,573      |
| Retained earnings                          |        |                                   |                  |                               |                  |
| Appropriated                               |        |                                   |                  |                               |                  |
| Legal reserve                              | 23     | 12,000,000                        | 12,000,000       | 12,000,000                    | 12,000,000       |
| General reserve                            | 24, 32 | 187,200,000                       | 176,200,000      | 187,200,000                   | 176,200,000      |
| Unappropriated                             |        | 2,239,205,807                     | 2,179,010,770    | 2,255,959,521                 | 2,178,909,555    |
| EQUITY ATTRIBUTABLE TO PARENT COMPANY      |        | 3,318,244,200                     | 3,295,294,327    | 3,336,095,368                 | 3,295,563,128    |
| Non-controlling interests                  |        | 10,031,105                        | 11,477,271       | -                             | -                |
| TOTAL SHAREHOLDERS' EQUITY                 |        | 3,328,275,305                     | 3,306,771,598    | 3,336,095,368                 | 3,295,563,128    |
| TOTAL LIABILITIES AND                      |        |                                   |                  |                               |                  |
| SHAREHOLDERS' EQUITY                       |        | 3,904,161,010                     | 3,927,125,829    | 3,861,644,562                 | 3,876,906,003    |

The accompanying notes are an integral part of the financial statements.

## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

(UNIT : BAHT)

|  | Notes | Consolidated Financial Statements |                      | Separate Financial Statements |                      |
|--|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
|  |       | 2015                              | 2014                 | 2015                          | 2014                 |
| Revenue from sales                                 |       | 2,013,901,793                     | 2,103,547,118        | 1,841,566,049                 | 1,910,172,006        |
| Revenue from rendering of services                 |       | 61,449,257                        | 61,604,234           | 57,812,434                    | 61,306,128           |
|  | 26    | 2,075,351,050                     | 2,165,151,352        | 1,899,378,483                 | 1,971,478,134        |
| Add Allowance for goods returned no longer require | 8     | -                                 | 7,524,000            | -                             | 7,524,000            |
| <b>Net sales</b>                                   |       | <b>2,075,351,050</b>              | <b>2,172,675,352</b> | <b>1,899,378,483</b>          | <b>1,979,002,134</b> |
| Cost of sales                                      |       | (1,454,794,540)                   | (1,509,566,077)      | (1,342,430,494)               | (1,388,838,912)      |
| Cost of rendering of services                      |       | (49,344,496)                      | (43,834,629)         | (39,969,926)                  | (37,346,851)         |
| <b>GROSS PROFIT</b>                                |       | <b>571,212,014</b>                | <b>619,274,646</b>   | <b>516,978,063</b>            | <b>552,816,371</b>   |
| Other incomes                                      |       |                                   |                      |                               |                      |
| Dividend income                                    |       | 52,945,580                        | 45,726,207           | 52,945,580                    | 45,726,207           |
| Royalty income                                     |       | -                                 | 24,099,097           | -                             | 24,099,097           |
| Interest income                                    |       | 34,585,355                        | 33,846,074           | 34,952,760                    | 33,927,054           |
| Rental income from investment property             |       | 3,276,185                         | 3,276,184            | 3,276,184                     | 3,276,184            |
| Adjustment of retirement benefit obligation        | 22    | -                                 | 11,671,298           | -                             | 8,675,094            |
| Others   |       | 61,579,849                        | 42,287,383           | 66,764,270                    | 47,364,164           |
| <b>PROFIT BEFORE EXPENSES</b>                      |       | <b>723,598,983</b>                | <b>780,180,889</b>   | <b>674,916,857</b>            | <b>715,884,171</b>   |
| Selling expenses                                   |       | (108,919,828)                     | (98,270,375)         | (60,148,592)                  | (50,292,392)         |
| Administrative expenses                            |       | (380,693,308)                     | (372,255,207)        | (342,199,916)                 | (337,788,151)        |
| Royalty expenses                                   |       | (48,218,184)                      | (95,187,666)         | (47,273,471)                  | (94,381,259)         |
| Gain (loss) on impairment of investment - net      | 13    | (5,872,091)                       | 517,809              | (22,346,335)                  | (7,643,744)          |
| Directors' remuneration                            |       | (6,740,000)                       | (7,264,000)          | (6,740,000)                   | (7,264,000)          |
| Finance costs                                      |       | (114,852)                         | (8,538)              | -                             | (2,405)              |
| <b>PROFIT BEFORE INCOME TAX EXPENSES</b>           |       | <b>173,040,720</b>                | <b>207,712,912</b>   | <b>196,208,543</b>            | <b>218,512,220</b>   |
| Income tax expenses                                | 28    | (6,819,287)                       | (3,160,014)          | (6,158,577)                   | (3,543,640)          |
| <b>NET PROFIT FOR THE YEAR</b>                     |       | <b>166,221,433</b>                | <b>204,552,898</b>   | <b>190,049,966</b>            | <b>214,968,580</b>   |

The accompanying notes are an integral part of the financial statements.



## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

(UNIT : BAHT)

|  | NOTES | Consolidated Financial Statements |                    | Separate Financial Statements |                    |
|--|-------|-----------------------------------|--------------------|-------------------------------|--------------------|
|  |       | 2015                              | 2014               | 2015                          | 2014               |
| <b>NET PROFIT FOR THE YEAR</b>   |       | <b>166,221,433</b>                | <b>204,552,898</b> | <b>190,049,966</b>            | <b>214,968,580</b> |
| Other comprehensive income:-   |       |                                   |                    |                               |                    |
| <b>Other comprehensive income will not be reclassified to profit or loss in subsequent period:</b> |       |                                   |                    |                               |                    |
| Actuarial gain (net income tax)  | 22    | -                                 | 6,722,309          | -                             | 5,252,941          |
| <b>Other comprehensive income to be reclassified to profit or loss in subsequent period:</b>       |       |                                   |                    |                               |                    |
| Unrealized gain(loss) on revaluation of available-for-sale investment (net income tax)             | 12    | (47,517,726)                      | 54,648,085         | (47,517,726)                  | 54,648,085         |
| <b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>   |       | <b>(47,517,726)</b>               | <b>61,370,394</b>  | <b>(47,517,726)</b>           | <b>59,901,026</b>  |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>   |       | <b>118,703,707</b>                | <b>265,923,292</b> | <b>142,532,240</b>            | <b>274,869,606</b> |
| <b>PROFIT ATTRIBUTABLE TO:-</b>  |       |                                   |                    |                               |                    |
| Owners of the parent company   |       | 173,195,037                       | 208,107,860        | 190,049,966                   | 214,968,580        |
| Non-controlling interests  |       | (6,973,604)                       | (3,554,962)        | -                             | -                  |
|  |       | <b>166,221,433</b>                | <b>204,552,898</b> | <b>190,049,966</b>            | <b>214,968,580</b> |
| <b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-</b>  |       |                                   |                    |                               |                    |
| Owners of the parent company   |       |                                   |                    |                               |                    |
| Net profit for the year  |       | 173,195,037                       | 208,107,860        | 190,049,966                   | 214,968,580        |
| <b>Other comprehensive income will not be reclassified to profit or loss in subsequent period:</b> |       |                                   |                    |                               |                    |
| Actuarial gain (net income tax)  |       | -                                 | 6,451,586          | -                             | 5,252,941          |
| <b>Other comprehensive income to be reclassified to profit or loss in subsequent period:</b>       |       |                                   |                    |                               |                    |
| Unrealized gain(loss) on revaluation of available-for-sale investment (net income tax)             |       | (47,517,726)                      | 54,648,085         | (47,517,726)                  | 54,648,085         |
| <b>Total owners of the parent company</b>  |       | <b>125,677,311</b>                | <b>269,207,531</b> | <b>142,532,240</b>            | <b>274,869,606</b> |
| Non-controlling interests  |       | (6,973,604)                       | (3,284,239)        | -                             | -                  |
|  |       | <b>118,703,707</b>                | <b>265,923,292</b> | <b>142,532,240</b>            | <b>274,869,606</b> |
| <b>BASIC EARNINGS PER SHARE</b>  |       |                                   |                    |                               |                    |
| Owners of the parent company (Unit : Baht)   |       | 1.44                              | 1.73               | 1.58                          | 1.79               |
| Weighted average number of ordinary shares (Unit : shares)   |       | 120,000,000                       | 120,000,000        | 120,000,000                   | 120,000,000        |

The accompanying notes are an integral part of the financial statements.

# THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2015

(UNIT : BAHT)

| CONSOLIDATED FINANCIAL STATEMENTS   |        |  |                                  |                   |                    |                      |   |  |                  |   |                                   |                              |                                  |
|---|--------|--|----------------------------------|-------------------|--------------------|----------------------|---|--|------------------|---|-----------------------------------|------------------------------|----------------------------------|
|   | Notes  | Retained earnings                        |                                  |                   |                    |                      | Other components of equity  |  |                  |   |                                   |                              |                                  |
|   |        | Issued<br>and paid - up<br>share capital | Premium on<br>ordinary<br>shares | Appropriated      |                    | Unappropriated       | Unrealized<br>gain (loss) on<br>revaluation of<br>available-for-sale<br>investments | Difference from<br>change in<br>shareholding<br>ratio in subsidiary<br>company | Actuarial gain   | Total other<br>components of<br>shareholders'<br>equity | Total equity of<br>parent company | Non-controlling<br>interests | Total<br>shareholders'<br>equity |
|   |        |  |                                  | Legal<br>Reserve  | General<br>Reserve |                      |   |  |                  |   |                                   |                              |                                  |
| <b>Balance as of 1 January 2014</b>   |        | <b>120,000,000</b>                       | <b>181,125,000</b>               | <b>12,000,000</b> | <b>165,200,000</b> | <b>2,095,902,910</b> | <b>567,427,547</b>  | <b>(1,568,661)</b>   | <b>-</b>         | <b>565,858,886</b>                                      | <b>3,140,086,796</b>              | <b>14,761,510</b>            | <b>3,154,848,306</b>             |
| General reserve   | 24, 32 | -  | -                                | -                 | 11,000,000         | (11,000,000)         | -   | -  | -                | -   | -                                 | -                            | -                                |
| Dividend payment  | 32     | -  | -                                | -                 | -                  | (114,000,000)        | -   | -  | -                | -   | (114,000,000)                     | -                            | (114,000,000)                    |
| Total comprehensive income for the year   |        | -  | -                                | -                 | -                  | 208,107,860          | 54,648,085  | -  | 6,451,586        | 61,099,671  | 269,207,531                       | (3,284,239)                  | 265,923,292                      |
| <b>Ending Balance as of 31 December 2014</b>                                    |        | <b>120,000,000</b>                       | <b>181,125,000</b>               | <b>12,000,000</b> | <b>176,200,000</b> | <b>2,179,010,770</b> | <b>622,075,632</b>  | <b>(1,568,661)</b>   | <b>6,451,586</b> | <b>626,958,557</b>                                      | <b>3,295,294,327</b>              | <b>11,477,271</b>            | <b>3,306,771,598</b>             |
| General reserve   | 24, 32 | -  | -                                | -                 | 11,000,000         | (11,000,000)         | -   | -  | -                | -   | -                                 | -                            | -                                |
| Dividend payment  | 32     | -  | -                                | -                 | -                  | (102,000,000)        | -   | -  | -                | -   | (102,000,000)                     | -                            | (102,000,000)                    |
| Difference from change in shareholding<br>ratio in subsidiary company           | 11     | -  | -                                | -                 | -                  | -                    | -   | (727,438)  | -                | (727,438)   | (727,438)                         | 727,438                      | -                                |
| Increase in share capital of subsidiary<br>company of non-controlling interests |        | -  | -                                | -                 | -                  | -                    | -   | -  | -                | -   | -                                 | 4,800,000                    | 4,800,000                        |
| Total comprehensive income for the year   |        | -  | -                                | -                 | -                  | 173,195,037          | (47,517,726)  | -  | -                | (47,517,726)  | 125,677,311                       | (6,973,604)                  | 118,703,707                      |
| <b>Ending Balance as of 31 December 2015</b>                                    |        | <b>120,000,000</b>                       | <b>181,125,000</b>               | <b>12,000,000</b> | <b>187,200,000</b> | <b>2,239,205,807</b> | <b>574,557,906</b>  | <b>(2,296,099)</b>   | <b>6,451,586</b> | <b>578,713,393</b>                                      | <b>3,318,244,200</b>              | <b>10,031,105</b>            | <b>3,328,275,305</b>             |

The accompanying notes are an integral part of the financial statements.

# THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2015

(UNIT : BAHT)

## SEPARATE FINANCIAL STATEMENTS

|  | Notes  | Issued<br>and paid - up<br>share capital | Premium on<br>ordinary<br>shares | Retained earnings |                    |                      | Other components of equity  |                  |   |
|--|--------|--|----------------------------------|-------------------|--------------------|----------------------|---|------------------|---|
|  |        |  |                                  | Appropriated      |                    | Unappropriated       | Unrealized<br>gain (loss) on<br>revaluation of<br>available-for-sale<br>investments | Actuarial gain   | Total other<br>components of<br>shareholders'<br>equity |
|  |        |  |                                  | Legal<br>Reserve  | General<br>Reserve |                      |   |                  |   |
| <b>Balance as of 1 January 2014</b>          |        | <b>120,000,000</b>                       | <b>181,125,000</b>               | <b>12,000,000</b> | <b>165,200,000</b> | <b>2,088,940,975</b> | <b>567,427,547</b>  | <b>-</b>         | <b>567,427,547</b>                                      |
| General reserve                              | 24, 32 | -  | -                                | -                 | 11,000,000         | (11,000,000)         | -   | -                | -   |
| Dividend payment                             | 32     | -  | -                                | -                 | -                  | (114,000,000)        | -   | -                | (114,000,000)   |
| Total comprehensive income for the year      |        | -  | -                                | -                 | -                  | 214,968,580          | 54,648,085  | 5,252,941        | 59,901,026  |
| <b>Ending Balance as of 31 December 2014</b> |        | <b>120,000,000</b>                       | <b>181,125,000</b>               | <b>12,000,000</b> | <b>176,200,000</b> | <b>2,178,909,555</b> | <b>622,075,632</b>  | <b>5,252,941</b> | <b>627,328,573</b>                                      |
| General reserve                              | 24, 32 | -  | -                                | -                 | 11,000,000         | (11,000,000)         | -   | -                | -   |
| Dividend payment                             | 32     | -  | -                                | -                 | -                  | (102,000,000)        | -   | -                | (102,000,000)   |
| Total comprehensive income for the year      |        | -  | -                                | -                 | -                  | 190,049,966          | (47,517,726)  | -                | (47,517,726)  |
| <b>Ending Balance as of 31 December 2015</b> |        | <b>120,000,000</b>                       | <b>181,125,000</b>               | <b>12,000,000</b> | <b>187,200,000</b> | <b>2,255,959,521</b> | <b>574,557,906</b>  | <b>5,252,941</b> | <b>579,810,847</b>                                      |

The accompanying notes are an integral part of the financial statements.

## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

(UNIT : BAHT)

|  | Consolidated Financial Statements |                    | Separate Financial Statements |                    |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
|  | 2015                              | 2014               | 2015                          | 2014               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |                                   |                    |                               |                    |
| Profit before income tax expenses                      | 173,040,720                       | 207,712,912        | 196,208,543                   | 218,512,220        |
| Adjustments : -  |                                   |                    |                               |                    |
| Increase (decrease) in allowance for doubtful accounts | (647,740)                         | 1,061,020          | (647,740)                     | 1,061,020          |
| Decrease in allowance for goods returned               | -                                 | (7,524,000)        | -                             | (7,524,000)        |
| Dividend income  | (52,945,580)                      | (45,726,207)       | (52,945,580)                  | (45,726,207)       |
| Depreciation and amortization                          | 55,396,706                        | 55,049,859         | 51,216,185                    | 51,162,388         |
| Gain on disposal of investments                        | -                                 | (253,922)          | -                             | (253,922)          |
| Realized gain on revaluation of mutual fund            | (116,980)                         | -                  | (116,980)                     | -                  |
| Unrealized gain on revaluation of mutual fund          | (100,497)                         | (4,380)            | (90,522)                      | (4,380)            |
| (Gain) loss on impairment of investment                | 5,872,091                         | (517,809)          | 22,346,335                    | 7,643,744          |
| Loss from retirement of fixed assets                   | 9,616                             | 182,630            | 7,715                         | 16,066             |
| Gain on disposal of fixed assets                       | (423,589)                         | (548,764)          | (423,589)                     | (548,827)          |
| (Gain) loss on exchanges                               | 452,096                           | 1,995,642          | (378,800)                     | 2,399,280          |
| Interest expenses                                      | 114,852                           | 8,538              | -                             | 2,405              |
| Interest income  | (34,585,355)                      | (33,846,074)       | (34,952,760)                  | (33,927,054)       |
| <b>PROFIT FROM OPERATION BEFORE CHANGES</b>            |                                   |                    |                               |                    |
| <b>IN OPERATING ASSETS AND LIABILITIES</b>             | <b>146,066,340</b>                | <b>177,589,445</b> | <b>180,222,807</b>            | <b>192,812,733</b> |
| Operating assets (increase) decrease                   |                                   |                    |                               |                    |
| Trade and other receivables                            | 25,721,130                        | 1,772,206          | 16,063,920                    | (7,684,299)        |
| Inventories  | 5,401,030                         | (1,166,737)        | 19,034,560                    | (9,435,576)        |
| Other current assets                                   | (4,458,487)                       | 2,350,810          | (1,582,655)                   | (1,215,212)        |
| Other non-current assets                               | 1,497,379                         | (3,353,145)        | 3,084,830                     | (3,401,957)        |
| Operating liabilities increase (decrease)              |                                   |                    |                               |                    |
| Trade and other payables                               | (42,656,348)                      | 40,103,842         | (46,264,114)                  | 47,692,277         |
| Other current liabilities                              | (99,741)                          | 1,872,498          | (332,520)                     | 2,156,808          |
| Retirement benefit obligations                         | 3,236,990                         | 5,867,102          | 1,853,291                     | 6,678,489          |
| Other non-current liabilities                          | (67,450)                          | 285,569            | (61,876)                      | 9,029              |
| <b>CASH PROVIDED FROM OPERATING ACTIVITIES</b>         | <b>134,640,843</b>                | <b>225,321,590</b> | <b>172,018,243</b>            | <b>227,612,292</b> |
| Interest paid  | (114,852)                         | (8,538)            | -                             | (2,405)            |
| Corporate income tax paid                              | (5,885,126)                       | (4,033,162)        | (5,885,126)                   | (4,033,162)        |
| <b>NET CASH RECEIVED FROM OPERATING ACTIVITIES</b>     | <b>128,640,865</b>                | <b>221,279,890</b> | <b>166,133,117</b>            | <b>223,576,725</b> |

The accompanying notes are an integral part of the financial statements.

## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

(UNIT : BAHT)

|   | Consolidated Financial Statements |                     | Separate Financial Statements |                     |
|---|-----------------------------------|---------------------|-------------------------------|---------------------|
|   | 2015                              | 2014                | 2015                          | 2014                |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                          |                                   |                     |                               |                     |
| Dividend received   | 52,945,580                        | 45,726,207          | 52,945,580                    | 45,726,207          |
| Interest received   | 32,499,524                        | 36,332,352          | 32,907,706                    | 36,191,773          |
| (Increase) decrease in fixed deposits and certificate of deposits   | 138,752,134                       | (101,891,035)       | 123,019,134                   | (102,500,035)       |
| Cash received from redemption of mutual funds                       | 110,000,000                       | -                   | 110,000,000                   | -                   |
| Cash paid for investment in mutual funds                            | (182,700,000)                     | -                   | (177,200,000)                 | -                   |
| Cash paid for short - term loans to related parties                 | (5,000,000)                       | -                   | (5,000,000)                   | -                   |
| Cash received from short-term loans to related parties              | -                                 | 45,000,000          | 17,500,000                    | 45,000,000          |
| Cash received from short-term loan to other company                 | -                                 | 1,755,007           | -                             | 1,755,007           |
| Cash paid for investment in subsidiary company                      | -                                 | -                   | (40,200,000)                  | -                   |
| Increase in investments in available-for-sale securities            |                                   |                     |                               |                     |
| - marketable equity securities - net                                | (25,153,112)                      | (12,313,164)        | (25,153,112)                  | (12,313,164)        |
| (Increase) decrease in investments in available-for-sale securities |                                   |                     |                               |                     |
| - debt securities - net   | (25,498,038)                      | 16,737,671          | (25,498,038)                  | 16,737,671          |
| Acquisition of debt securities held to maturity                     | (171,575,165)                     | (110,000,000)       | (171,575,165)                 | (110,000,000)       |
| Cash received from redemption of debt securities held to maturity   | 30,000,000                        | 50,000,000          | 30,000,000                    | 50,000,000          |
| Cash paid for general investments                                   | (7,200,000)                       | (16,630,520)        | (7,200,000)                   | (16,630,520)        |
| Proceeds from disposal and decrease in share capital                |                                   |                     |                               |                     |
| - of general investments  | 1,065,975                         | 522,198             | 1,065,975                     | 522,198             |
| Acquisition of other long - term investment - fixed deposits        | -                                 | (30,000,000)        | -                             | (30,000,000)        |
| Acquisition of fixed assets   | (39,903,293)                      | (15,223,075)        | (32,672,002)                  | (12,310,229)        |
| Acquisition of leasehold right                                      | (11,705,850)                      | -                   | (11,705,850)                  | -                   |
| Acquisition of intangible assets                                    | (6,205,200)                       | (786,950)           | (6,136,200)                   | (747,350)           |
| Proceeds from disposal of fixed assets                              | 632,554                           | 962,282             | 632,554                       | 962,282             |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                        | <b>(109,044,891)</b>              | <b>(89,809,027)</b> | <b>(134,269,418)</b>          | <b>(87,606,160)</b> |

The accompanying notes are an integral part of the financial statements.

## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

(UNIT : BAHT)

|   | Consolidated Financial Statements |                      | Separate Financial Statements |                      |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
|   | 2015                              | 2014                 | 2015                          | 2014                 |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>              |                                   |                      |                               |                      |
| Increase (decrease) in overdrafts and short - term loan |                                   |                      |                               |                      |
| from financial institution                              | 6,000,000                         | (476,970)            | -                             | -                    |
| Increase in share capital of subsidiary company         |                                   |                      |                               |                      |
| of non-controlling interests                            | 4,800,000                         | -                    | -                             | -                    |
| Dividend payment  | (102,000,000)                     | (114,000,000)        | (102,000,000)                 | (114,000,000)        |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>            | <b>(91,200,000)</b>               | <b>(114,476,970)</b> | <b>(102,000,000)</b>          | <b>(114,000,000)</b> |
| <b>CASH AND CASH EQUIVALENT</b>                         |                                   |                      |                               |                      |
| <b>    INCREASE (DECREASE) - NET</b>                    | <b>(71,604,026)</b>               | <b>16,993,893</b>    | <b>(70,136,301)</b>           | <b>21,970,565</b>    |
| Cash and cash equivalent - beginning of the year        | 110,507,115                       | 93,513,222           | 100,612,063                   | 78,641,498           |
| <b>CASH AND CASH EQUIVALENT - 31 DECEMBER</b>           | <b>38,903,089</b>                 | <b>110,507,115</b>   | <b>30,475,762</b>             | <b>100,612,063</b>   |
| <b>ADDITIONAL DISCLOSURE ITEMS TO</b>                   |                                   |                      |                               |                      |
| <b>    CASH FLOWS STATEMENTS:-</b>                      |                                   |                      |                               |                      |
| Significant non-cash items consist of                   |                                   |                      |                               |                      |
| - Unrealized gain (loss) on revaluation                 |                                   |                      |                               |                      |
| of available - for - sale securities (net income tax)   | (47,517,726)                      | 54,648,085           | (47,517,726)                  | 54,648,085           |

The accompanying notes are an integral part of the financial statements.



## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 1. GENERAL INFORMATION

- 1.1 Registration Thanulux Public Company Limited ("The Company") is incorporated in Thailand. The Company was listed on the Stock Exchange of Thailand on 21 July 1987.
- 1.2 Office location Head office and its factory is located at 129/1, Chongnonthri Road, Chongnonthri, Yannawa, Bangkok, Thailand.
- Factory branch (Saha Group Industrial Park - Lamphun Project) is located at 99/3 Moo 5, Paa-Sak, Muang Lamphun, Lamphun, Thailand.
- Factory branch (Saha Group Industrial Park - Kabinburi Project) is located at 125 Moo 5, Nonthri, Kabinburi, Prachinburi, Thailand.
- Factory branch (Bangplee) is located at 911 Moo 15, Teparak Road, Bangsoathong, Samutprakarn, Thailand.
- 1.3 Main activities Manufacturing and distributing apparel. The subsidiaries' main activities are discussed in Note 4.1
- 1.4 The first two major shareholders ranged by their shareholding as of 31 December 2015 and 2014 are as follows:-

|                                 | % of issued and paid-up share capital |                  |
|---------------------------------|---------------------------------------|------------------|
|                                 | 31 December 2015                      | 31 December 2014 |
| Saha Pathana Inter-Holding Plc. | 23.52                                 | 23.52            |
| I.D.F. Co., Ltd.                | 13.33                                 | 13.33            |

### 2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and the presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011 under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission (SEC).
- 2.2 The financial statements have been prepared on the historical cost basis except where otherwise disclosed in the accounting policies.
- 2.3 Using of accounting estimates
- The preparation of financial statements in conformity with TAS and TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.
- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.
- 2.4 For the convenience of the users, English version of the financial statements has been translated from the financial statements issued in Thai language.

## 3. NEW FINANCIAL REPORTING STANDARDS

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

### 3.1 APPLICATION OF NEW FINANCIAL REPORTING STANDARDS

The FAP issued the following financial reporting standards that are effective for fiscal years beginning on or after 1 January 2015, as follows :-

#### Accounting standards

|                       |  |
|-----------------------|--|
| TAS 1 (revised 2014)  | Presentation of Financial Statements                                     |
| TAS 2 (revised 2014)  | Inventories  |
| TAS 7 (revised 2014)  | Statement of Cash Flows  |
| TAS 8 (revised 2014)  | Accounting Policies, Changes in Accounting Estimates and Errors          |
| TAS 10 (revised 2014) | Events after the Reporting Period  |
| TAS 11 (revised 2014) | Construction Contracts   |
| TAS 12 (revised 2014) | Income Taxes   |
| TAS 16 (revised 2014) | Property, Plant and Equipment  |
| TAS 17 (revised 2014) | Leases   |
| TAS 18 (revised 2014) | Revenue  |
| TAS 19 (revised 2014) | Employee Benefits  |
| TAS 20 (revised 2014) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2014) | The Effects of Changes in Foreign Exchange Rates                         |
| TAS 23 (revised 2014) | Borrowing Cost   |
| TAS 24 (revised 2014) | Related Party Disclosures  |
| TAS 26 (revised 2014) | Accounting and Reporting by Retirement Benefit Plans                     |
| TAS 27 (revised 2014) | Separate Financial Statements  |
| TAS 28 (revised 2014) | Investment in Associates and Joint Ventures                              |
| TAS 29 (revised 2014) | Financial Reporting in Hyperinflationary Economics                       |
| TAS 33 (revised 2014) | Earnings per Share   |
| TAS 34 (revised 2014) | Interim Financial Reporting  |
| TAS 36 (revised 2014) | Impairment of Assets   |
| TAS 37 (revised 2014) | Provisions, Contingent Liabilities and Contingent Assets                 |
| TAS 38 (revised 2014) | Intangible Assets  |
| TAS 40 (revised 2014) | Investment Property  |

#### Financial Reporting Standards

|                       |  |
|-----------------------|--|
| TFRS 2 (revised 2014) | Share-based Payment  |
| TFRS 3 (revised 2014) | Business Combinations  |
| TFRS 5 (revised 2014) | Non-current Assets Held for Sale and Discontinued Operations |

|                       |   |
|-----------------------|---|
| TFRS 6 (revised 2014) | Exploration for and Evaluation of Mineral Resources |
| TFRS 8 (revised 2014) | Operating Segments                                  |
| TFRS 10               | Consolidated Financial Statements                   |
| TFRS 11               | Joint Arrangements                                  |
| TFRS 12               | Disclosure of Interests in Other Entities           |
| TFRS 13               | Fair Value Measurement                              |

## Accounting Standard Interpretations

|                        |  |
|------------------------|--|
| TSIC 10 (revised 2014) | Government Assistance-No specific Relation to Operating Activities           |
| TSIC 15 (revised 2014) | Operating Leases-Incentives  |
| TSIC 25 (revised 2014) | Income Taxes-Changes in the Tax Status of an Entity or its Shareholders      |
| TSIC 27 (revised 2014) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TSIC 29 (revised 2014) | Service Concession Arrangements : Disclosures                                |
| TSIC 31 (revised 2014) | Revenue-Barter Transactions Involving Advertising Services                   |
| TSIC 32 (revised 2014) | Intangible Assets-Web Site Costs   |

## Financial Reporting Standards Interpretations

|                         |  |
|-------------------------|--|
| TFRIC 1 (revised 2014)  | Changes in Existing Decommissioning, Restoration and Similar Liabilities   |
| TFRIC 4 (revised 2014)  | Determining whether an Arrangement contains a Lease  |
| TFRIC 5 (revised 2014)  | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds             |
| TFRIC 7 (revised 2014)  | Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economics |
| TFRIC 10 (revised 2014) | Interim Financial Reporting and Impairment   |
| TFRIC 12 (revised 2014) | Service Concession Arrangements  |
| TFRIC 13 (revised 2014) | Customer Loyalty Programmes  |
| TFRIC 14                | TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| TFRIC 15 (revised 2014) | Agreements for the Construction of Real Estate   |
| TFRIC 17 (revised 2014) | Distributions of Non-cash Assets to Owners   |
| TFRIC 18 (revised 2014) | Transfers of Assets from Customers   |
| TFRIC 20                | Stripping Costs in the Production Phase of a Surface Mine  |

These financial reporting standards do not have any significant impact on the financial statements.

## 3.2 NEW ACCOUNTING STANDARDS ISSUED AND NOT YET EFFECTIVE

In addition to financial reporting standards issued and revised as mentioned in note 3.1, the FAP has also issued and revised the other number of financial reporting standards which will become effective for annual financial periods beginning on or after 1 January 2016. The Group does not plan to adopt these TFRS early. These standards are as follows :-

### Accounting standards

|                       |  |
|-----------------------|--|
| TAS 1 (revised 2015)  | Presentation of Financial Statements                                     |
| TAS 2 (revised 2015)  | Inventories  |
| TAS 7 (revised 2015)  | Statement of Cash Flows  |
| TAS 8 (revised 2015)  | Accounting Policies, Changes in Accounting Estimates and Errors          |
| TAS 10 (revised 2015) | Events after the Reporting Period  |
| TAS 11 (revised 2015) | Construction Contracts   |
| TAS 12 (revised 2015) | Income Taxes   |
| TAS 16 (revised 2015) | Property, Plant and Equipment  |
| TAS 17 (revised 2015) | Leases   |
| TAS 18 (revised 2015) | Revenue  |
| TAS 19 (revised 2015) | Employee Benefits  |
| TAS 20 (revised 2015) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2015) | The Effects of Changes in Foreign Exchange Rates                         |
| TAS 23 (revised 2015) | Borrowing Cost   |
| TAS 24 (revised 2015) | Related Party Disclosures  |
| TAS 26 (revised 2015) | Accounting and Reporting by Retirement Benefit Plans                     |
| TAS 27 (revised 2015) | Separate Financial Statements  |
| TAS 28 (revised 2015) | Investment in Associates and Joint Ventures                              |
| TAS 29 (revised 2015) | Financial Reporting in Hyperinflationary Economics                       |
| TAS 33 (revised 2015) | Earnings per Share   |
| TAS 34 (revised 2015) | Interim Financial Reporting  |
| TAS 36 (revised 2015) | Impairment of Assets   |
| TAS 37 (revised 2015) | Provisions, Contingent Liabilities and Contingent Assets                 |
| TAS 38 (revised 2015) | Intangible Assets  |
| TAS 40 (revised 2015) | Investment Property  |
| TAS 41                | Agriculture  |

### Financial Reporting Standards

|                       |                       |
|-----------------------|-----------------------|
| TFRS 2 (revised 2015) | Share-based Payment   |
| TFRS 3 (revised 2015) | Business Combinations |

|                        |  |
|------------------------|--|
| TFRS 4 (revised 2015)  | Insurance Contracts  |
| TFRS 5 (revised 2015)  | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 6 (revised 2015)  | Exploration for and Evaluation of Mineral Resources          |
| TFRS 8 (revised 2015)  | Operating Segments   |
| TFRS 10 (revised 2015) | Consolidated Financial Statements                            |
| TFRS 11 (revised 2015) | Joint Arrangements   |
| TFRS 12 (revised 2015) | Disclosure of Interests in Other Entities                    |
| TFRS 13 (revised 2015) | Fair Value Measurement                                       |

## Accounting Standard Interpretations

|                        |  |
|------------------------|--|
| TSIC 10 (revised 2015) | Government Assistance-No specific Relation to Operating Activities           |
| TSIC 15 (revised 2015) | Operating Leases-Incentives  |
| TSIC 25 (revised 2015) | Income Taxes-Changes in the Tax Status of an Entity or its Shareholders      |
| TSIC 27 (revised 2015) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TSIC 29 (revised 2015) | Service Concession Arrangements : Disclosures                                |
| TSIC 31 (revised 2015) | Revenue-Barter Transactions Involving Advertising Services                   |
| TSIC 32 (revised 2015) | Intangible Assets-Web Site Costs   |

## Financial Reporting Standards Interpretations

|                         |   |
|-------------------------|---|
| TFRIC 1 (revised 2015)  | Changes in Existing Decommissioning, Restoration and Similar Liabilities  |
| TFRIC 4 (revised 2015)  | Determining whether an Arrangement contains a Lease   |
| TFRIC 5 (revised 2015)  | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds                |
| TFRIC 7 (revised 2015)  | Applying the Restatement Approach under TAS29 (revised 2015)<br>Financial Reporting in Hyperinflationary Economics  |
| TFRIC 10 (revised 2015) | Interim Financial Reporting and Impairment  |
| TFRIC 12 (revised 2015) | Service Concession Arrangements   |
| TFRIC 13 (revised 2015) | Customer Loyalty Programmes   |
| TFRIC 14 (revised 2015) | TAS 19 (revised 2015) - The Limit on a Defined Benefit Asset,<br>Minimum Funding Requirements and their Interaction |
| TFRIC 15 (revised 2015) | Agreements for the Construction of Real Estate  |
| TFRIC 17 (revised 2015) | Distributions of Non-cash Assets to Owners  |
| TFRIC 18 (revised 2015) | Transfers of Assets from Customers  |
| TFRIC 20 (revised 2015) | Stripping Costs in the Production Phase of a Surface Mine   |
| TFRIC 21                | Levies  |

The Group's management is in the process to assess the impact on the financial statements for the year in which they are effective.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of the consolidation of financial statements

As of 31 December 2015 and 2014, the consolidated financial statements include the financial statements of Thanulux Public Company Limited and its subsidiaries together referred to as the "Group" as follows:-

|                              | % of<br>Shareholding | Incorporated<br>in | Location  | Main activities  |
|------------------------------|----------------------|--------------------|---|--|
| S. Apparel Co.,Ltd.          | 80.00                | Thailand           | 4/2 Moo 8, Bangna-Trad<br>Road, KM. 18<br>Bangchalong,<br>Bangplee, Samutprakarn. | Manufacturing,<br>subcontracting<br>and distributing apparel |
| T-CHAMBER CO.,LTD.           | 99.99                | Thailand           | 129/1, Chongnonthri Road,<br>Chongnonthri,<br>Yannawa, Bangkok.                   | Distributing apparel   |
| Celebrate Wealth.<br>Co.,Ltd | 87.76                | Thailand           | 129/1, Chongnonthri Road,<br>Chongnonthri,<br>Yannawa, Bangkok.                   | Distributing apparel   |

- Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Subsidiaries' financial statements are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- The subsidiaries' financial statements are prepared on the same reporting period as the Company's, using consistent significant accounting policies.
- Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- Non-controlling interest represents the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statements of comprehensive income and in the shareholders' equity in the consolidated statements of financial position.

### 4.2 Sales of goods

Sale of goods is recognized in the statements of comprehensive income when the significant risks and rewards of ownership have been transferred to the customers. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

### 4.3 Revenue from rendering of services

Revenue from rendering of services is recognised when service is rendered.

### 4.4 Dividend income

Dividend income is recognised when the right to receive the dividend is established.



### 4.5 Interest income

Interest income is recognised on an effective interest method.

### 4.6 Other revenues and expenses

Other revenues and expenses are recognised on an accrual basis.

### 4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments with an original maturity of three months or less and not subject to restrictions.

### 4.8 Accounts receivable - trade

Accounts receivable - trade are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in the collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

Allowance for goods returned has been provided up by assessment of past experiences.

### 4.9 Inventories

Inventories are valued at the lower of cost (weighted average) or net realizable value.

Cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In case of finished goods and work in progress, cost includes an appropriate share of overheads.

Net realizable value is estimated selling price in the ordinary course of business less estimated costs to complete and to make the sale.

Allowance is made for all deteriorated, damaged, obsolete and certain slow-moving inventories.

### 4.10 Investments

- Investments in securities held for trading are stated at fair value. Gains or losses arising from changes in the carrying amounts of the securities are included in the statements of comprehensive income.
- Investments in available-for-sale securities mean investments in listed securities stated at fair value, with the objective for long-term investments. Changes in the carrying amounts of securities are recorded as separate item in the other comprehensive income until the securities are sold, and the changes are then included in the statements of comprehensive income.
- Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to interest income.
- Investments in non-marketable equity securities, which the Company classifies as general investments, are stated at cost net of allowance for loss on diminution in value (if any).

Investments in related companies mean those companies in which the Group has holding interest less than 20% and/or the companies which directly or indirectly have some common management, major shareholders or such related persons.

Investments in other companies are those companies in which the Group has holding interest but has no power to govern or participate in any policy.

- Investments in subsidiaries are accounted for in the separate financial statements using cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year quoted on the Stock Exchange of Thailand. The fair value of unit trusts is determined from their net asset value.

Weighted average method is used for the computation of cost of investments.

## 4.11 Investment property

Investment property is stated at cost less accumulated depreciation and loss on impairment of assets (if any).

Cost of investment property includes purchase price and other direct costs relating to the acquisition of such asset item.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of assets which are as follows:-

|                  |                 |
|------------------|-----------------|
| Building         | 20 Years        |
| Land improvement | 5 Years         |
| Land             | Not depreciated |

## 4.12 Property, plant and equipment

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).

Cost of property, plant and equipment include purchase price and other direct costs relating to the acquisition of such asset item.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Depreciation is charged to the statements of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment which are as follows:-

|                         |                         |
|-------------------------|-------------------------|
| Land improvement        | 5 years                 |
| Building and structures | 20, 25, 35 and 40 years |
| Machinery               | 5 - 10 years            |
| Office equipment        | 3 - 5 years             |
| Furniture and fixtures  | 5 years                 |
| Vehicles                | 5 years                 |

Land and assets under construction and installation are not depreciated.

The Group has reviewed useful life and residual value at least at each financial year-end. In case that the residual value or estimated useful lives differs from those originally estimated, such changes are considered changes in accounting estimates.

## 4.13 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life. The amortisation expense is charged to the comprehensive income statements.

Intangible assets with finite useful lives comprise of computer software having useful lives of 5 - 10 years.

#### 4.14 Leasehold right

Leasehold right is stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on the straight-line basis over the leasehold period of 7 - 10 years.

Amortisation is charged to the comprehensive income statements.

#### 4.15 Impairment of assets

Impairment of assets, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment loss is recognized in the comprehensive income statements. (An asset's recoverable amount is the higher of fair value less costs to sell and value in use).

#### 4.16 Related party transactions

Related parties and related companies with the Group means the parties or the companies that have the controlling power to the Group, controlled by the Group either directly or indirectly, or under the same control with the Group. Furthermore, the related parties and related companies also means the associated companies and the parties who have holding interest with voting rights, either directly or indirectly, and have significant influence to the Group, important management, being directors or employees of the Group who have the power to manage and control the Company's operations and subsidiary companies including the family members close to the said persons which could persuade or to act in compliance with the said persons and businesses that the said persons have controlling power or significant influence, either directly or indirectly.

#### 4.17 Foreign currency transactions

Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates. Assets and liabilities in foreign currency outstanding on the statement of financial position date are translated into Baht at the reference exchange rates as determined by the Bank of Thailand on the statement of financial position date, except the transactions of forward exchange contracted with the banks will be recognised at fair value.

Exchange gains or losses are included as incomes or expenses in the statements of comprehensive income.

#### 4.18 Employee benefits

- **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

- **Defined contribution plans**

The Company and its subsidiaries operate a provident fund, being a defined contribution plan, the assets for which are held in a separate trust fund and managed by a fund manager. The provident fund is contributed by payments from employees and by the Group. The Group's contributions to the provident fund are charged to the statement of comprehensive income in the years to which they relate.

- **Defined benefit plans**

- **Termination and retirement benefits**

Under Labor Laws applicable in Thailand and Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 55 and 58. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 300 days of final salary. And employees who have provided the services to the Group more than 20 years, the special severance pay on termination or retrenchment without cause will be compensated at the rate specified.

- **Other long-term benefits**

The Group has a policy to reward employees upon 10, 20 and 30 years of services at specified lump-sum amounts.

The Company also has a policy to provide compensation to retired directors by reference to service years as the Company's director multiplied by a specified rate.

The Group provides provision regarding the employee benefits under defined benefits plan by using the actuarial technique. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and other. The costs associated with providing these benefits are charged to the statement of comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

Actuarial gains and losses arising from post-employment benefits are recognised in the statement of other comprehensive income.

#### **4.19 Operating lease**

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor is accounted for as operating lease. Rentals applicable to such operating leases are charged to the statements of comprehensive income over the lease terms.

#### **4.20 Provision**

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Presentation for a provision in the statements of comprehensive income is the net amount which can be reimbursed.

#### **4.21 Income tax expense**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

## **Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

## **Deferred tax**

Deferred 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 Group recognizes deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against such deductible temporary differences and tax losses carried forward that can be utilized.

At each reporting date, the Group reviewed and reduced 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 utilized.

The Group recorded deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### **4.22 Fundamental earnings per share**

Fundamental earnings per share are calculated by dividing net income by the number of ordinary shares outstanding at the end of the year. In case of a capital increase, the number of ordinary shares is weighted according to time of subscription received.

### **4.23 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 Group applies 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 Group measures 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 Group determines 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. TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

The Company had transactions with its subsidiaries and related companies, given that those companies having the same group of shareholders or mutual directors. Significant inter-company transactions and outstanding balances as of 31 December 2015 and 2014 are summarized below:-

### 5.1 NATURE OF RELATIONSHIPS

| RELATED PARTIES  | TYPES OF BUSINESS                                      | RELATIONSHIP                                       |
|--|--|--|
| 1. S. Apparel Co., Ltd.                                    | Manufacturing, subcontracting and distributing apparel | Co-directors, Co-shareholders and being subsidiary |
| 2. T-CHAMBER Co., Ltd.                                     | Distributing apparel                                   | Co-directors, Co-shareholders and being subsidiary |
| 3. Celebrate Wealth Co., Ltd.                              | Distributing apparel                                   | Co-directors, Co-shareholders and being subsidiary |
| 4. People's Garment Plc.                                   | Garment manufacturing                                  | Co-shareholders                                    |
| 5. I.C.C. International Plc.                               | Consumer goods distributing                            | Co-directors, Co-shareholders                      |
| 6. Sahacogen (Chonburi) Plc.                               | Electricity generating and distributing                | Co-directors, Co-shareholders                      |
| 7. Thai Wacoal Plc.  | Ladies' lingerie manufacturing                         | Co-directors, Co-shareholders                      |
| 8. Textile Prestige Plc.                                   | Embroidery fabric manufacturing                        | Co-directors, Co-shareholders                      |
| 9. Saha Pathana Inter- Holding Plc.                        | Holding company  | Co-directors, Co-shareholders                      |
| 10. Far East DDB Plc.                                      | Advertising  | Co-shareholders                                    |
| 11. O.C.C. Plc.  | Distributing cosmetics and apparel                     | Co-shareholders                                    |
| 12. Saha Pathanapibul Plc.                                 | Consumer goods distributing                            | Co-directors, Co-shareholders                      |
| 13. Thai Monster Co., Ltd.                                 | Garment manufacturing                                  | Co-directors, Co-shareholders                      |
| 14. Total Way Image Co., Ltd.                              | Leatherware manufacturing                              | Co-directors, Co-shareholders                      |
| 15. Thai Naxis Co., Ltd.                                   | Label manufacturing                                    | Co-shareholders                                    |
| 16. SSDC (Tigertex) Co., Ltd.                              | Bleaching, dyeing fabric and yarn                      | Co-directors, Co-shareholders                      |
| 17. International Commercial Coordination (Hong Kong) Ltd. | Distributing apparel                                   | Co-shareholders                                    |
| 18. International Leather Fashion Corp., Ltd.              | Leatherware manufacturing                              | Co-directors, Co-shareholders                      |
| 19. Wise Winner Co., Ltd.                                  | Distributing garment and sport equipment               | Co-shareholders                                    |
| 20. Morgan De Toi (Thailand) Ltd.                          | Distributing apparel                                   | Co-directors, Co-shareholders                      |
| 21. Champ Ace Co., Ltd.                                    | Garment manufacturing                                  | Co-shareholders                                    |

## Financial Position and Operating Results

| RELATED PARTIES                              | TYPES OF BUSINESS                      | RELATIONSHIP                   |
|--|--|--------------------------------|
| 22. Pak Numpo Wattana Co., Ltd.              | Distributing apparel                   | Co-management, Co-shareholders |
| 23. S.T.G.C. Co., Ltd.                       | Research and develop business          | Co-shareholders                |
| 24. Grand Star Industry Co., Ltd.            | Fabric manufacturing                   | Co-shareholders                |
| 25. Intanin Chiangmai Co., Ltd.              | Distributing apparel                   | Co-shareholders                |
| 26. Koraj Wattana Co., Ltd.                  | Distributing apparel                   | Co-management, Co-shareholders |
| 27. Sun & Sand Co., Ltd.                     | Distributing apparel                   | Co-management, Co-shareholders |
| 28. Eastern I.C.C. Co., Ltd.                 | Distributing apparel                   | Co-management, Co-shareholders |
| 29. Maharachapreuk Co., Ltd.                 | Distributing apparel                   | Co-management, Co-shareholders |
| 30. Thai Takaya Co., Ltd.                    | Jeans manufacturing                    | Co-directors, Co-shareholders  |
| 31. Thai Gunze Co., Ltd.                     | Garment manufacturing                  | Co-shareholders                |
| 32. Waseda Education (Thailand) Co., Ltd.    | Education institution                  | Co-directors, Co-shareholders  |
| 33. Thai Bunka Fashion Co., Ltd.             | Fashion institution                    | Co-directors, Co-shareholders  |
| 34. Sriracha Aviation Co., Ltd.              | Machinery and plane maintenance        | Co-directors, Co-shareholders  |
| 35. Sunrise Garment Co., Ltd.                | Garment manufacturing                  | Co-shareholders                |
| 36. K. Commercial and Construction Co., Ltd. | Construction contractor                | Co-directors, Co-shareholders  |
| 37. H & B Intertext Co., Ltd.                | Fabric doll manufacturing              | Co-shareholders                |
| 38. Thai Shikibo Co., Ltd.                   | Cotton yarn manufacturing              | Co-shareholders                |
| 39. Thai Staflex Co., Ltd.                   | Fabric products                        | Co-shareholders                |
| 40. Treasure Hill Co., Ltd.                  | Golf course                            | Co-shareholders                |
| 41. Thai Asahi Kazei Spandex Co., Ltd.       | Manufacturing and distributing spandex | Co-shareholders                |
| 42. Value Added Textile Co., Ltd.            | Fabric embroidering and printing       | Co-shareholders                |
| 43. Panland Co., Ltd.                        | Property development                   | Co-directors, Co-shareholders  |
| 44. Wien International Co., Ltd.             | Direct sale                            | Co-shareholders                |
| 45. Sahapat Real Estate Co., Ltd.            | Real estate development                | Co-directors, Co-shareholders  |
| 46. Janome (Thailand) Co., Ltd.              | Sewing machines                        | Co-shareholders                |
| 47. Sahapat Properties Co., Ltd.             | Property development                   | Co-shareholders                |
| 48. Thai Itokin Co., Ltd.                    | Garment manufacturing                  | Co-shareholders                |
| 49. Racha Uchino Co., Ltd.                   | Household textile                      | Co-directors, Co-shareholders  |
| 50. Erawan Textile Co., Ltd.                 | Spun yarn and fabrics manufacturing    | Co-directors, Co-shareholders  |
| 51. Pattaya Manufacturing Co., Ltd.          | Garment manufacturing                  | Co-shareholders                |



## Financial Position and Operating Results

| RELATED PARTIES                           | TYPES OF BUSINESS                           | RELATIONSHIP                  |
|---|---|-------------------------------|
| 52.Ramasorn Thaveekarn Co., Ltd.          | Investment                                  | Shareholder                   |
| 53.Deluxe Bijou Societe Anonyme Co., Ltd. | Manufacturing and distributing ornament     | Co-directors, Co-shareholders |
| 54.PTK Multi Services Co., Ltd.           | Security service                            | Co-shareholders               |
| 55.I.D.F. Co., Ltd.                       | Investment                                  | Co-shareholders               |
| 56.Bangkok Tokyo Socks Co.,Ltd.           | Manufacturing and distributing socks        | Co-shareholders               |
| 57. Fujix International Co.,Ltd.          | String distributing                         | Co-shareholders               |
| 58. KP Soft Co., Ltd.                     | Design and development of business software | Co-shareholders               |
| 59. PT. TRINITY LUXTRO APPAREL            | Distributing apparel                        | Co-directors, Co-shareholders |

Pricing policies of related party transactions are as follows:-

| Transactions   | Pricing policies                               |
|--|--|
| Sale of goods  | Agreed-upon price by referring to market price |
| Royalty income   | Agreed-upon price                              |
| Purchase of goods and rendering of service                     | Agreed-upon price/ market price                |
| Selling and administrative expenses                            | Contractually-agreed prices                    |
| Interest income  | At 4.00%- 4.50% per annum.                     |
| Directors' remunerations (directors' fee, annual compensation) | Rates approved by shareholders                 |
| Purchase of marketable equity securities                       | Market price                                   |
| Purchase of general investment                                 | Agreed-upon price                              |

### 5.2 RELATED PARTY REVENUE AND EXPENSES

The revenue, expenses and other transaction for the years ended 31 December 2015 and 2014 are as follows :-

|                                       | (UNIT: THOUSAND BAHT)             |      |                               |        |
|---------------------------------------|-----------------------------------|------|-------------------------------|--------|
|                                       | Consolidated financial statements |      | Separate financial statements |        |
|                                       | 2015                              | 2014 | 2015                          | 2014   |
| <b>Transactions with subsidiaries</b> |                                   |      |                               |        |
| Revenue from sales and services       | -                                 | -    | 91,113                        | 72,964 |
| Interest income                       | -                                 | -    | 602                           | 656    |
| Other income                          | -                                 | -    | 7,888                         | 8,033  |
| Purchase of goods and raw materials   | -                                 | -    | 3,453                         | 2,198  |
| Rendering of service                  | -                                 | -    | 12,254                        | 16,938 |
| Selling and administrative expenses   | -                                 | -    | 9,184                         | 6,660  |

## Financial Position and Operating Results

(UNIT: THOUSAND BAHT)

|  | Consolidated financial statements |                  | Separate financial statements |                  |
|--|-----------------------------------|------------------|-------------------------------|------------------|
|  | 2015                              | 2014             | 2015                          | 2014             |
| <b>Transactions with related parties</b> |                                   |                  |                               |                  |
| Revenue from sales and services          |                                   |                  |                               |                  |
| - I.C.C. International Plc.              | 959,233                           | 990,077          | 959,203                       | 990,061          |
| - Others                                 | 84,789                            | 74,627           | 82,864                        | 73,507           |
| <b>Total</b>                             | <b>1,044,022</b>                  | <b>1,064,704</b> | <b>1,042,067</b>              | <b>1,063,568</b> |
| Dividend income (Notes 12 and 13)        | 49,646                            | 42,377           | 49,646                        | 42,377           |
| Interest income                          | 3,328                             | 4,917            | 3,328                         | 4,917            |
| Other income                             | 32,128                            | 62,965           | 31,466                        | 62,168           |
| Purchase of goods and raw materials      | 214,861                           | 191,960          | 161,252                       | 157,098          |
| Rendering of service                     | 1,305                             | 2,163            | 1,305                         | 2,163            |
| Selling and administrative expenses      | 76,879                            | 64,350           | 72,361                        | 60,886           |
| Purchase of general investment           | 6,000                             | -                | 6,000                         | -                |
| Purchase of marketable equity securities | 19,079                            | -                | 19,079                        | -                |

### Management benefit expenses

Management benefit expenses represent benefits paid to the Company's management such as salaries and related benefits including benefits paid by other means. The Company's management is the persons defined under the Securities and Exchange Act.

Management benefit expenses for the years ended 31 December 2015 and 2014 are as follows:-

(UNIT: BAHT)

|                              | Consolidated financial statements |                   | Separate financial statements |                   |
|------------------------------|-----------------------------------|-------------------|-------------------------------|-------------------|
|                              | 2015                              | 2014              | 2015                          | 2014              |
| Short-term employee benefits | 29,758,368                        | 29,856,729        | 25,683,380                    | 27,918,930        |
| Post-employment benefits     | 2,234,950                         | 2,196,687         | 1,933,723                     | 1,860,509         |
| <b>Total</b>                 | <b>31,993,318</b>                 | <b>32,053,416</b> | <b>27,617,103</b>             | <b>29,779,439</b> |

## 5.3 INTER - COMPANY BALANCES OF ASSETS AND LIABILITIES

As of 31 December 2015 and 2014, inter-company balances are as follows :-

|                                | (UNIT: THOUSAND BAHT)             |           |                               |           |
|--------------------------------|-----------------------------------|-----------|-------------------------------|-----------|
|                                | Consolidated financial statements |           | Separate financial statements |           |
|                                | 2015                              | 2014      | 2015                          | 2014      |
| Accounts receivable - trade    |                                   |           |                               |           |
| Subsidiaries                   | -                                 | -         | 66,074                        | 54,709    |
| Related companies              |                                   |           |                               |           |
| - I.C.C. International Plc.    | 174,542                           | 222,111   | 174,716                       | 222,286   |
| - Others                       | 32,644                            | 23,028    | 29,874                        | 21,524    |
| Total (Note 8)                 | 207,186                           | 245,139   | 270,664                       | 298,519   |
| Short-term loans               |                                   |           |                               |           |
| Subsidiaries                   | -                                 | -         | -                             | 17,500    |
| Related companies              | 77,000                            | 72,000    | 77,000                        | 72,000    |
| Total (Note 9)                 | 77,000                            | 72,000    | 77,000                        | 89,500    |
| Accrued income                 |                                   |           |                               |           |
| Subsidiaries                   | -                                 | -         | 180                           | 189       |
| Related companies              | 2,101                             | 4,106     | 2,057                         | 3,963     |
| Total                          | 2,101                             | 4,106     | 2,237                         | 4,152     |
| Investments - net              |                                   |           |                               |           |
| Subsidiaries (Note 11)         | -                                 | -         | 67,647                        | 43,921    |
| Related companies (Note 12,13) | 1,373,673                         | 1,411,024 | 1,373,673                     | 1,411,024 |
| Total                          | 1,373,673                         | 1,411,024 | 1,441,320                     | 1,454,945 |
| Accounts payable – trade       |                                   |           |                               |           |
| Subsidiaries                   | -                                 | -         | 2,377                         | 6,229     |
| Related companies              | 32,596                            | 27,154    | 17,163                        | 18,067    |
| Total (Note 21)                | 32,596                            | 27,154    | 19,540                        | 24,296    |
| Accrued expenses               |                                   |           |                               |           |
| Subsidiaries                   | -                                 | -         | 3,554                         | 2,518     |
| Related companies              | 9,757                             | 8,620     | 9,273                         | 8,385     |
| Total                          | 9,757                             | 8,620     | 12,827                        | 10,903    |

## Financial Position and Operating Results

Movements of loans to related parties for the years ended 31 December 2015 and 2014 are as follows:-

|                                       | (UNIT: THOUSAND BAHT)             |               |                               |               |                               |      |
|---------------------------------------|-----------------------------------|---------------|-------------------------------|---------------|-------------------------------|------|
|                                       | Consolidated financial statements |               | Separate financial statements |               | Interest per annum (per cent) |      |
|                                       | 2015                              | 2014          | 2015                          | 2014          | 2015                          | 2014 |
| <b>SSDC (Tigertex) Co., Ltd.</b>      |                                   |               |                               |               |                               |      |
| Beginning balance                     | -                                 | 45,000        | -                             | 45,000        |                               |      |
| <u>Add</u> increase during the year   | -                                 | -             | -                             | -             |                               |      |
| <u>Less</u> repayment during the year | -                                 | (45,000)      | -                             | (45,000)      |                               |      |
| Ending balance                        | -                                 | -             | -                             | -             | -                             | -    |
| <b>Erawan Textile Co., Ltd.</b>       |                                   |               |                               |               |                               |      |
| Beginning balance                     | 70,000                            | 70,000        | 70,000                        | 70,000        |                               |      |
| <u>Add</u> increase during the year   | -                                 | -             | -                             | -             |                               |      |
| <u>Less</u> repayment during the year | -                                 | -             | -                             | -             |                               |      |
| Ending balance                        | 70,000                            | 70,000        | 70,000                        | 70,000        | 4.50                          | 4.75 |
| <b>Celebrate Wealth Co., Ltd.</b>     |                                   |               |                               |               |                               |      |
| Beginning balance                     | -                                 | -             | 17,500                        | 17,500        |                               |      |
| <u>Add</u> increase during the year   | -                                 | -             | -                             | -             |                               |      |
| <u>Less</u> repayment during the year | -                                 | -             | (17,500)                      | -             |                               |      |
| Ending balance                        | -                                 | -             | -                             | 17,500        | -                             | 3.75 |
| <b>Morgan De Toi (Thailand) Ltd.</b>  |                                   |               |                               |               |                               |      |
| Beginning balance                     | 2,000                             | 2,000         | 2,000                         | 2,000         |                               |      |
| <u>Add</u> increase during the year   | 5,000                             | -             | 5,000                         | -             |                               |      |
| <u>Less</u> repayment during the year | -                                 | -             | -                             | -             |                               |      |
| Ending balance                        | 7,000                             | 2,000         | 7,000                         | 2,000         | 4.00                          | 4.00 |
| <b>Total short-term loans - net</b>   | <b>77,000</b>                     | <b>72,000</b> | <b>77,000</b>                 | <b>89,500</b> |                               |      |

### 6. CASH AND CASH EQUIVALENTS

|                                      | (UNIT: BAHT)                      |                    |                               |                    |
|--------------------------------------|-----------------------------------|--------------------|-------------------------------|--------------------|
|                                      | Consolidated financial statements |                    | Separate financial statements |                    |
|                                      | 2015                              | 2014               | 2015                          | 2014               |
| Cash on hand                         | 871,295                           | 711,741            | 434,250                       | 263,345            |
| Deposits - saving accounts           | 25,021,054                        | 43,784,737         | 17,030,772                    | 34,338,081         |
| Fixed deposits and bill of exchanges | 13,010,740                        | 66,010,637         | 13,010,740                    | 66,010,637         |
| <b>Total</b>                         | <b>38,903,089</b>                 | <b>110,507,115</b> | <b>30,475,762</b>             | <b>100,612,063</b> |

## 7. SHORT-TERM INVESTMENTS

(UNIT: BAHT)

|   |      | Consolidated financial statements |             | Separate financial statements |             |
|---|------|-----------------------------------|-------------|-------------------------------|-------------|
|   |      | 2015                              | 2014        | 2015                          | 2014        |
| 1) Fixed deposits & certificate of deposits             | (*)  | 510,002,178                       | 661,735,153 | 510,002,178                   | 646,002,153 |
| 2) Bill of exchange                                     | (**) | 19,980,840                        | -           | 19,980,840                    | -           |
| 3) Trading securities                                   |      |                                   |             |                               |             |
| - Mutual funds  |      | 73,045,951                        | 228,970     | 67,545,951                    | 228,970     |
| - Unrealized gain on revaluation of investment          |      | 122,900                           | 22,403      | 112,925                       | 22,403      |
| Net   |      | 73,168,851                        | 251,373     | 67,658,876                    | 251,373     |
| 4) Held-to-maturity debt securities - due within 1 year |      |                                   |             |                               |             |
| - Debentures (note 14)                                  |      | 19,000,000                        | 30,000,000  | 19,000,000                    | 30,000,000  |
| - Fixed deposits (note 15)                              |      | 37,000,000                        | 7,000,000   | 37,000,000                    | 7,000,000   |
| Total   |      | 659,151,869                       | 698,986,526 | 653,641,894                   | 683,253,526 |

(\*) Fixed deposit and certificate of deposits are subject to the interest at 1.00 - 3.15 percent per annum.  
(2014 : 1.50 - 3.15 percent per annum)

(\*\*) Bill of exchange of the securities company has the face value of Baht 20 million and has original maturity of 6 months (2014 : nil).

### Level of fair value and valuation techniques

The fair value measurement of investments in mutual funds has been categorised as a Level 2, the fair value determined from their net asset value (NAV) at the measurement date of investment.

Movements of investments in mutual funds for the years ended 31 December 2015 and 2014 are as follows:-

(UNIT: BAHT)

|   | Consolidated financial statements |         | Separate financial statements |         |
|---|-----------------------------------|---------|-------------------------------|---------|
|   | 2015                              | 2014    | 2015                          | 2014    |
| Beginning balance - fair value                          | 251,373                           | 246,993 | 251,373                       | 246,993 |
| Acquisition   | 182,700,000                       | -       | 177,200,000                   | -       |
| Redemption  | (109,883,019)                     | -       | (109,883,019)                 | -       |
| Changes in unrealized gain on revaluation of investment | 100,497                           | 4,380   | 90,522                        | 4,380   |
| Ending balance - fair value                             | 73,168,851                        | 251,373 | 67,658,876                    | 251,373 |

## 8. TRADE AND OTHER RECEIVABLES

(UNIT: BAHT)

|   | Consolidated financial statements |                    | Separate financial statements |                    |
|---|-----------------------------------|--------------------|-------------------------------|--------------------|
|   | 2015                              | 2014               | 2015                          | 2014               |
| <b>Account receivables - trade</b>          |                                   |                    |                               |                    |
| Related companies (Note 5.3)                | 207,185,945                       | 245,139,153        | 270,664,350                   | 298,519,151        |
| Others                                      | 130,537,081                       | 113,790,762        | 99,974,933                    | 81,665,982         |
| <b>Total</b>                                | <b>337,723,026</b>                | <b>358,929,915</b> | <b>370,639,283</b>            | <b>380,185,133</b> |
| <u>Less</u> Allowance for doubtful accounts | (502,232)                         | (1,149,972)        | (502,232)                     | (1,149,972)        |
| Allowance for goods returned                | (21,200,000)                      | (21,200,000)       | (21,200,000)                  | (21,200,000)       |
| <b>Account receivables - trade - net</b>    | <b>316,020,794</b>                | <b>336,579,943</b> | <b>348,937,051</b>            | <b>357,835,161</b> |
| <b>Other receivables</b>                    |                                   |                    |                               |                    |
| Accrued income                              | 5,990,233                         | 7,902,666          | 5,772,873                     | 6,867,941          |
| Accrued interest                            | 7,406,660                         | 5,320,829          | 7,406,660                     | 5,361,606          |
| Advance payment for goods                   | 1,851,826                         | 5,996,660          | 1,851,826                     | 5,976,660          |
| Others                                      | 10,751,751                        | 9,432,554          | 5,714,403                     | 6,532,581          |
| <b>Total trade and other receivables</b>    | <b>342,021,264</b>                | <b>365,232,652</b> | <b>369,682,813</b>            | <b>382,573,949</b> |

The aging of trade accounts receivable are as follows:

### Related companies

|  |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
| Current                                  | 202,083,767        | 227,291,372        | 231,714,320        | 263,454,555        |
| Overdue within 3 months                  | 3,683,772          | 15,143,686         | 29,114,528         | 28,578,721         |
| Over 3 to 6 months                       | 1,418,406          | 2,704,095          | 9,835,502          | 6,485,875          |
| <b>Total</b>                             | <b>207,185,945</b> | <b>245,139,153</b> | <b>270,664,350</b> | <b>298,519,151</b> |
| <u>Less</u> Allowance for goods returned | (21,200,000)       | (21,200,000)       | (21,200,000)       | (21,200,000)       |
| <b>Net</b>                               | <b>185,985,945</b> | <b>223,939,153</b> | <b>249,464,350</b> | <b>277,319,151</b> |

### Other companies

|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| Current                                     | 98,984,655         | 89,788,008         | 70,547,930         | 57,780,160         |
| Overdue within 3 months                     | 30,437,672         | 21,181,906         | 28,312,249         | 21,091,295         |
| Over 3 to 6 months                          | 612,522            | 1,670,876          | 612,522            | 1,644,554          |
| Over 6 to 12 months                         | 46,081             | 1,090,233          | 46,081             | 1,090,234          |
| Over 12 months                              | 456,151            | 59,739             | 456,151            | 59,739             |
| <b>Total</b>                                | <b>130,537,081</b> | <b>113,790,762</b> | <b>99,974,933</b>  | <b>81,665,982</b>  |
| <u>Less</u> Allowance for doubtful accounts | (502,232)          | (1,149,972)        | (502,232)          | (1,149,972)        |
| <b>Net</b>                                  | <b>130,034,849</b> | <b>112,640,790</b> | <b>99,472,701</b>  | <b>80,516,010</b>  |
| <b>Total</b>                                | <b>316,020,794</b> | <b>336,579,943</b> | <b>348,937,051</b> | <b>357,835,161</b> |

## Financial Position and Operating Results

Movements of allowance for goods returned for the years ended 31 December 2015 and 2014 are as follows:-

(UNIT: BAHT)

|   | Consolidated and Separate<br>financial statements |             |
|---|---|-------------|
|   | 2015  | 2014        |
| Beginning balance   | 21,200,000  | 28,724,000  |
| Decrease (included in revenue from sales in the statement of<br>comprehensive income) | -   | (7,524,000) |
| Ending balance  | 21,200,000  | 21,200,000  |

### 9. SHORT-TERM LOANS TO RELATED COMPANIES

The loans represent promissory notes which are unsecured and repayable at call, and subject to the interest at 4.00 - 4.50 percent per annum. (2014 : 3.75 - 4.75 percent per annum) (Note 5.3)

### 10. INVENTORIES - NET

(UNIT: BAHT)

|   | Consolidated financial statements |             | Separate financial statements |             |
|---|-----------------------------------|-------------|-------------------------------|-------------|
|   | 2015                              | 2014        | 2015                          | 2014        |
| Finished goods                                | 167,734,638                       | 144,655,789 | 106,859,629                   | 101,379,575 |
| Work in process                               | 61,766,107                        | 71,348,847  | 55,213,838                    | 64,291,671  |
| Raw materials                                 | 109,484,499                       | 115,248,670 | 105,851,345                   | 107,881,190 |
| Supplies                                      | 1,595,836                         | 1,688,154   | 1,409,050                     | 1,501,368   |
| Goods in transit                              | 905,045                           | 14,221,769  | 907,151                       | 14,221,769  |
| Total   | 341,486,125                       | 347,163,229 | 270,241,013                   | 289,275,573 |
| <u>Less</u> Allowance for slow - moving stock | (182,277)                         | (458,351)   | -                             | -           |
| Net   | 341,303,848                       | 346,704,878 | 270,241,013                   | 289,275,573 |

### 11. INVESTMENTS IN SUBSIDIARIES - NET

(UNIT: THOUSAND BAHT)

| Subsidiary companies                 | Paid - up share capital |        | Percentage of<br>shareholding |       | Separate financial statements |          |                                 |      |
|--------------------------------------|-------------------------|--------|-------------------------------|-------|-------------------------------|----------|---------------------------------|------|
|                                      |                         |        |                               |       | Cost method                   |          | Dividend for the years<br>ended |      |
|                                      | 2015                    | 2014   | 2015                          | 2014  | 2015                          | 2014     | 2015                            | 2014 |
| S. Apparel Co., Ltd.                 | 36,000                  | 36,000 | 80.00                         | 80.00 | 27,730                        | 27,730   | -                               | -    |
| T-CHAMBER Co., Ltd                   | 10,000                  | 10,000 | 99.99                         | 99.99 | 9,999                         | 9,999    | -                               | -    |
| Celebrate Wealth Co.,Ltd.            | 85,000                  | 40,000 | 87.76                         | 86.00 | 69,236                        | 29,036   | -                               | -    |
|                                      |                         |        |                               |       | 106,965                       | 66,765   | -                               | -    |
| <u>Less</u> Allowance for impairment |                         |        |                               |       | (39,318)                      | (22,844) | -                               | -    |
| Net                                  |                         |        |                               |       | 67,647                        | 43,921   | -                               | -    |



Movements of allowance for impairment for the years ended 31 December 2015 and 2014 are as follows :-

|  | (UNIT: THOUSAND BAHT)         |        |
|--|-------------------------------|--------|
|  | Separate financial statements |        |
|  | 2015                          | 2014   |
| Beginning balance  | 22,844                        | 14,682 |
| Increase (included in (gain) loss on impairment of investment) | 16,474                        | 8,162  |
| Ending balance   | 39,318                        | 22,844 |

## INVESTMENT IN CELEBRATE WEALTH CO., LTD.

On 9 November 2015, the Company's board of directors meeting approved to increase registered capital of Celebrate Wealth Co., Ltd., a subsidiary company which the Company holds 86% of its issued and paid up capital, from registered capital of Baht 40 million (comprised of 400,000 ordinary shares of Baht 100 each) to Baht 100 million (comprised of 1,000,000 ordinary shares of Baht 100 each) by issuing 600,000 new ordinary shares at par value of 100 Baht per share, totaling Baht 60 million offered to existing shareholders based on shareholding ratio. The Company will fully exercise newly issued shares according to its preemptive right and will acquire additional shares in case other existing shareholders refuse to subscribe the newly issued shares.

On 20 November 2015, the shareholders' extraordinary meeting of Celebrate Wealth Co., Ltd. approved to increase its registered capital, from registered capital of Baht 40 million (comprised of 400,000 ordinary shares of Baht 100 each) to Baht 85 million (comprised of 850,000 ordinary shares of Baht 100 each) by issuing 450,000 new ordinary shares at par value of 100 Baht per share, totaling to Baht 45 million. The increase in registered capital was fully paid up and registered with the Ministry of Commerce in December 2015.

For the remaining Baht 15 million, Celebrate Wealth Co., Ltd. will register when it is appropriate.

The Company invested in newly issued ordinary shares in the subsidiary company of Baht 40.20 million, the detail is as follows:-

|   | Number of shares | Price per share (Baht) | Total (Baht) |
|---|------------------|------------------------|--------------|
| Acquisition based on preemptive rights                                  | 387,000          | 100                    | 38,700,000   |
| Acquisition for shares where existing shareholders refused to subscribe | 15,000           | 100                    | 1,500,000    |
|   | 402,000          |                        | 40,200,000   |

After the acquisition, the Company's shareholding interest in the subsidiary company increases from 86% to 87.76% of the paid-up capital. As a result, the difference arising from change in shareholding ratio in the subsidiary company of Baht 0.72 million is shown in the shareholders' equity in the consolidated financial statements.

## 12. INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES - NET

(UNIT: THOUSAND BAHT)

|  | Consolidated and separate financial statements |                  |                              |               |
|--|--|------------------|------------------------------|---------------|
|  | Investment                                     |                  | Dividend for the years ended |               |
|  | 2015   | 2014             | 2015                         | 2014          |
| <b>Marketable equity securities</b>                        |  |                  |                              |               |
| Related companies  | 305,645  | 305,645          | 39,738                       | 31,981        |
| Others   | 95,655   | 70,638           | 3,143                        | 3,068         |
| Total cost   | 401,300  | 376,283          | 42,881                       | 35,049        |
| Add Unrealized gain on investment revaluation              | 717,126  | 776,699          | -                            | -             |
| Total fair value   | 1,118,426                                      | 1,152,982        | 42,881                       | 35,049        |
| <b>Debt securities</b>                                     |  |                  |                              |               |
| Government bonds   | 25,014   | 8,111            | -                            | -             |
| Debentures   | 62,600   | 54,006           | -                            | -             |
| Total cost   | 87,614   | 62,117           | -                            | -             |
| Add Unrealized gain on investment revaluation              | 1,072  | 895              | -                            | -             |
| Total fair value   | 88,686   | 63,012           | -                            | -             |
| <b>Total fair value of investments for sale securities</b> | <b>1,207,112</b>                               | <b>1,215,994</b> | <b>42,881</b>                | <b>35,049</b> |

### Level of fair value and valuation techniques

- The fair value measurement of investments in marketable equity securities has been categorized as a Level 1.
- The fair value measurement of investments in debt securities has been categorized as a Level 2, the fair value determined by using the yield curve as announced by the Thai Bond Market Association at the measurement date of investment.

Unrealized gain on investment revaluation movements for the years ended 31 December 2015 and 2014 are as follows:-

|   | Consolidated and separate financial statements |                 |          |
|---|--|-----------------|----------|
|   | 2015   |                 |          |
|   | Equity securities                              | Debt securities | Total    |
| Beginning balance                         | 776,699  | 895             | 777,594  |
| Increase (decrease) during the year - net | (59,573)                                       | 177             | (59,396) |
| Ending balance                            | 717,126  | 1,072           | 718,198  |
|   | 2014   |                 |          |
|   | Equity securities                              | Debt securities | Total    |
|   | Equity securities                              | Debt securities | Total    |
| Beginning balance                         | 708,745  | 539             | 709,284  |
| Increase during the year - net            | 67,954   | 356             | 68,310   |
| Ending balance                            | 776,699  | 895             | 777,594  |

# Financial Position and Operating Results

As of 31 December 2015 and 2014, investments in marketable equity securities consist of :-

| (UNIT: THOUSAND BAHT)                         |  |               |       |            |           |                              |        |
|---|--|---------------|-------|------------|-----------|------------------------------|--------|
| Paid - up capital                             | Consolidated and separate financial statements |               |       |            |           |                              |        |
|   | Unit:Thousand                                  | Percentage of |       | Investment |           | Dividend for the years ended |        |
|   |  | shareholding  |       |            |           |                              |        |
|   |  | 2015          | 2014  | 2015       | 2014      | 2015                         | 2014   |
| <b>Related companies</b>                      |  |               |       |            |           |                              |        |
| 1. People's Garment Plc.                      | 96,000   | 14.05         | 14.05 | 52,684     | 52,684    | 14,428                       | 6,068  |
| 2. I.C.C. International Plc.                  | 290,634  | 3.44          | 3.44  | 125,562    | 125,562   | 10,506                       | 12,007 |
| 3. Sahacogen (Chonburi) Plc.                  | 955,000  | 1.88          | 1.88  | 39,277     | 39,277    | 3,227                        | 3,386  |
| 4. Thai Wacoal Plc.                           | 120,000  | 1.39          | 1.39  | 22,475     | 22,475    | 4,009                        | 3,758  |
| 5. Textile Prestige Plc.                      | 108,000  | 0.96          | 0.96  | 10,185     | 10,185    | 569                          | 517    |
| 6. Saha Pathana Inter-Holding Plc.            | 494,034  | 0.72          | 0.72  | 40,421     | 40,421    | 817                          | 817    |
| 7. Far East DDB Plc.                          | 75,000   | 0.35          | 0.35  | 505        | 505       | 129                          | 181    |
| 8. O.C.C. Plc.                                | 60,000   | 0.13          | 0.13  | 41         | 41        | 60                           | 64     |
| 9. Saha Pathanapibul Plc.                     | 330,000  | 0.07          | 0.07  | 995        | 995       | 233                          | 233    |
| 10. President Bakery Plc.                     | 450,000  | 1.00          | 1.00  | 13,500     | 13,500    | 5,760                        | 4,950  |
| Total   |  |               |       | 305,645    | 305,645   | 39,738                       | 31,981 |
| Add Unrealized gain on investment revaluation |  |               |       | 696,973    | 734,704   | -                            | -      |
| Net   |  |               |       | 1,002,618  | 1,040,349 | 39,738                       | 31,981 |
| <b>Others</b>                                 |  |               |       |            |           |                              |        |
| 1. Thai Toray Textile Mill Plc.               |  |               |       | 265        | 265       | 45                           | 75     |
| 2. Nation Multimedia Group Plc.               |  |               |       | 21,818     | 15,213    | 370                          | 264    |
| 3. Bangkok Bank Plc.                          |  |               |       | 11,560     | 11,560    | 877                          | 877    |
| 4. Kasikorn Bank Plc.                         |  |               |       | 1,041      | 1,087     | 68                           | 54     |
| 5. The Siam Cement Plc.                       |  |               |       | 5,850      | 5,888     | 340                          | 288    |
| 6. PTT Plc.                                   |  |               |       | 1,994      | 2,336     | 92                           | 130    |
| 7. Thoresen Thai Agencies Plc.                |  |               |       | 100        | 84        | 1                            | -      |
| 8. Thai Oil Plc.                              |  |               |       | 368        | 368       | 9                            | 13     |
| 9. PTT Global Chemical Plc.                   |  |               |       | 450        | 711       | 20                           | 20     |
| 10. MK Restaurant Group Plc.                  |  |               |       | 427        | 427       | 16                           | 20     |
| 11. BTS Growth mutual fund                    |  |               |       | 12,795     | 12,931    | 709                          | 753    |
| 12. Singer Thailand Plc.                      |  |               |       | 19,079     | -         | -                            | -      |
| 13. Regal Corporation                         |  |               |       | 9,853      | 9,853     | 312                          | 331    |
| 14. Others                                    |  |               |       | 10,055     | 9,915     | 284                          | 243    |
| Total   |  |               |       | 95,655     | 70,638    | 3,143                        | 3,068  |
| Add Unrealized gain on investment revaluation |  |               |       | 20,153     | 41,995    | -                            | -      |
| Net   |  |               |       | 115,808    | 112,633   | 3,143                        | 3,068  |
| Total   |  |               |       | 1,118,426  | 1,152,982 | 42,881                       | 35,049 |

## Unrealized gain on revaluation of available-for-sale investment (net income tax)

|   | Consolidated and Separate<br>financial statements |          |
|---|---|----------|
|   | 2015  | 2014     |
| Unrealized gain on revaluation of available-for-sale investment | (59,397)  | 68,310   |
| <u>Less</u> income tax  | 11,879  | (13,662) |
| Net   | (47,518)  | 54,648   |

## 13. GENERAL INVESTMENTS - NET

(UNIT: THOUSAND BAHT)

|                                      | Consolidated financial<br>statements |          | Separate financial<br>statements |          | Dividend for the years<br>ended |        |
|--------------------------------------|--------------------------------------|----------|----------------------------------|----------|---------------------------------|--------|
|                                      | 2015                                 | 2014     | 2015                             | 2014     | 2015                            | 2014   |
| Related companies                    | 410,967                              | 404,567  | 406,967                          | 400,567  | 9,908                           | 10,396 |
| Others                               | 12,033                               | 12,033   | 12,033                           | 12,033   | 156                             | 281    |
| Total                                | 423,000                              | 416,600  | 419,000                          | 412,600  | 10,064                          | 10,677 |
| <u>Less</u> Allowance for impairment | (43,400)                             | (37,398) | (39,400)                         | (33,398) | -                               | -      |
| Net                                  | 379,600                              | 379,202  | 39,600                           | 379,202  | 10,064                          | 10,677 |

Movements of general investments for the years ended 31 December 2015 and 2014 are as follows:-

|                          | Consolidated financial statements |         | Separate financial statements |         |
|--------------------------|-----------------------------------|---------|-------------------------------|---------|
|                          | 2015                              | 2014    | 2015                          | 2014    |
| Beginning balance        | 416,600                           | 408,737 | 412,600                       | 404,737 |
| Increase during the year | 7,200                             | 16,631  | 7,200                         | 16,631  |
| Decrease during the year | (800)                             | (8,768) | (800)                         | (8,768) |
| Ending balance           | 423,000                           | 416,600 | 419,000                       | 412,600 |

Movements of allowance for impairment for the years ended 31 December 2015 and 2014 are as follows:-

|  | Consolidated financial statements |         | Separate financial statements |         |
|--|-----------------------------------|---------|-------------------------------|---------|
|  | 2015                              | 2014    | 2015                          | 2014    |
| Beginning balance  | 37,398                            | 46,415  | 33,398                        | 42,415  |
| Increase (decrease) during the year                            |                                   |         |                               |         |
| (included in (gain) loss on<br>impairment of investment - net) | 6,002                             | (518)   | 6,002                         | (518)   |
| Decrease during the year                                       | -                                 | (8,499) | -                             | (8,499) |
| Ending balance   | 43,400                            | 37,398  | 39,400                        | 33,398  |

Significant movements of general investments for the years ended 31 December 2015 and 2014 are as

follows:-

- In November 2015, the Company invested in the ordinary shares of Saha Asia Pacific Co., Ltd. of Baht 6,000,000, representing 6.39 percent of shareholding interests.
- In April 2014, the Company invested in the ordinary shares of PT. TRTNITY LUXTRO APPAREL, a company incorporated in Indonesia totaling to Baht 7,430,520, representing 19 percent of share holding.
- In September 2014, the Company invested in shares of the increased shares capital (from former shareholders who forgo share subscription rights) of 640,000 ordinary shares of KP Soft Co., Ltd. amounting to Baht 9,200,000. The company had already registered the shares increase with the Ministry of Commerce.

# Financial Position and Operating Results

As of 31 December 2015 and 2014, general investments consist of:-

(UNIT: THOUSAND BAHT)

| Consolidated and separate financial statements              |                      |                               |       |   |            |         |                                 |       |   |
|---|----------------------|-------------------------------|-------|---|------------|---------|---------------------------------|-------|---|
|   | Paid - up<br>capital | Percentage of<br>shareholding |       |   | Investment |         | Dividend for the<br>years ended |       |   |
|   | Unit:Thousand        | 2015                          | 2014  |   | 2015       | 2014    | 2015                            | 2014  |   |
| Separate financial statements                               |                      |                               |       |   |            |         |                                 |       |   |
| - Related companies   |                      |                               |       |   |            |         |                                 |       |   |
| 1.Thai Monster Co., Ltd.                                    | 20,000               | 19.00                         | 19.00 | * | 5,549      | *       | 5,549                           | -     | - |
| 2.Total Way Image Co., Ltd.                                 | 20,000               | 19.00                         | 19.00 |   | 7,132      | 7,132   | 380                             | 380   |   |
| 3.Thai Naxis Co., Ltd.                                      | 20,000               | 19.00                         | 19.00 |   | 4,700      | 4,700   | 760                             | 950   |   |
| 4.SSDC (Tigertex) Co., Ltd.                                 | 324,000              | 18.96                         | 18.96 |   | 68,635     | 68,635  | 1,843                           | 2,765 |   |
| 5.International Commercial<br>Coordination (Hong Kong) Ltd. | HKD 2,000            | 18.00                         | 18.00 | * | 2,291      | *       | 2,291                           | -     | - |
| 6.International Leather<br>Fashion Corp., Ltd.              | 50,000               | 18.00                         | 18.00 |   | 8,810      | 8,810   | 720                             | 720   |   |
| 7.Wise Winner Co., Ltd.                                     | 10,000               | 18.00                         | 18.00 | * | 1,800      | *       | 1,800                           | -     | - |
| 8.Morgan De Toi (Thailand) Ltd.                             | 40,000               | 16.00                         | 16.00 |   | 6,401      | 6,401   | -                               | -     |   |
| 9.Champ Ace Co., Ltd.                                       | 40,000               | 15.00                         | 15.00 |   | 6,000      | 6,000   | 300                             | -     |   |
| 10.Pak Numpo Wattana Co., Ltd.                              | 1,000                | 14.00                         | 14.00 |   | 1,037      | 1,037   | -                               | 14    |   |
| 11.S.T.G.C. Co., Ltd.                                       | 2,500                | 13.00                         | 13.00 | * | 325        | 325     | -                               | -     |   |
| 12.Erawan Textile Co., Ltd.                                 | 621,463              | 14.84                         | 14.84 |   | 117,726    | 117,726 | -                               | -     |   |
| 13.Grand Star Industry Co., Ltd.                            | 20,000               | -                             | -     |   | -          | -       | -                               | 1,250 |   |
| 14.Intanin Chiangmai Co., Ltd.                              | 5,000                | 12.50                         | 12.50 |   | 2,781      | 2,781   | 125                             | 125   |   |
| 15.Koraj Wattana Co., Ltd.                                  | 1,000                | 12.50                         | 12.50 |   | 1,528      | 1,528   | 13                              | 13    |   |
| 16.Sun & sand Co., Ltd.                                     | 1,000                | 12.50                         | 12.50 |   | 1,499      | 1,499   | 25                              | 25    |   |
| 17.Eastern I.C.C. Co., Ltd.                                 | 1,000                | 12.50                         | 12.50 |   | 2,938      | 2,938   | 25                              | 25    |   |
| 18.Maharachapruet Co., Ltd.                                 | 1,000                | 12.00                         | 12.00 |   | 415        | 415     | 12                              | 12    |   |
| 19.Thai Takaya Co., Ltd.                                    | 30,000               | 11.00                         | 11.00 |   | 3,300      | 3,300   | -                               | -     |   |
| 20.Thai Gunze Co., Ltd.                                     | 180,000              | 8.00                          | 8.00  | * | 17,280     | *       | 17,280                          | -     | - |
| 21.Wazeda Education (Thailand)                              | 44,800               | 7.14                          | 7.14  |   | 3,200      | 4,000   | -                               | -     |   |
| 22.Thai Bunka Fashion Co., Ltd.                             | 25,000               | 8.00                          | 8.00  | * | 2,000      | *       | 2,000                           | -     | - |
| 23.Sriracha Aviation Co., Ltd.                              | 55,000               | 3.64                          | 3.64  |   | 2,000      | 2,000   | -                               | 100   |   |
| 24.K. Commercial and<br>Construction Co., Ltd.              | 50,000               | 5.00                          | 5.00  |   | 6,694      | 6,694   | 250                             | 250   |   |
| 25.H & B Intertext Co., Ltd.                                | 40,000               | 5.00                          | 5.00  |   | 2          | 2       | 160                             | 200   |   |
| 26.Bangkok Tokyo Socks Co., Ltd.                            | 143,220              | 4.89                          | 4.89  |   | 5,755      | 5,755   | 70                              | 420   |   |
| 27.Thai Shikibo Co., Ltd.                                   | 237,500              | 4.81                          | 4.81  |   | 11,425     | 11,425  | 914                             | 914   |   |
| 28.Thai Staflex Co., Ltd.                                   | 60,000               | 9.00                          | 9.00  |   | 6,363      | 6,363   | 432                             | 216   |   |
| 29.Treasure Hill Co., Ltd.                                  | 200,000              | 4.00                          | 4.00  | * | 6,300      | *       | 6,300                           | -     | - |
| 30.Thai Asahi Kazei Spandex Co., Ltd.                       | 1,350,000            | 4.00                          | 4.00  |   | 54,000     | 54,000  | 3,106                           | 1,101 |   |
| 31.Value Added Textile Co., Ltd.                            | 16,500               | 3.00                          | 3.00  |   | 67         | 67      | -                               | -     |   |
| 32.Panland Co., Ltd.  | 300,000              | 3.00                          | 3.00  | * | 9,000      | *       | 9,000                           | -     | - |
| 33.Wien International Co., Ltd.                             | 30,000               | 2.40                          | 2.40  |   | 1,547      | 1,547   | -                               | 90    |   |
| 34.Sahapat Real Estate Co., Ltd.                            | 250,000              | 2.40                          | 2.40  |   | 6,165      | 6,165   | 180                             | 180   |   |
| 35.Janome (Thailand) Co., Ltd.                              | 97,400               | 2.00                          | 2.00  |   | 2,759      | 2,759   | 487                             | 487   |   |
| 36.Sahapat Properties Co., Ltd.                             | 20,000               | 1.00                          | 1.00  |   | 200        | 200     | 60                              | 80    |   |
| 37.Thai Itokin Co., Ltd.                                    | 140,000              | 1.00                          | 1.00  | * | 2,611      | *       | 1,411                           | -     | - |

# Financial Position and Operating Results

(UNIT: THOUSAND BAHT)

## Consolidated and separate financial statements

| Consolidated and separate financial statements   |                      |                               |         |                |                |                                 |               |
|--|----------------------|-------------------------------|---------|----------------|----------------|---------------------------------|---------------|
|  | Paid - up<br>capital | Percentage of<br>shareholding |         | Investment     |                | Dividend for the<br>years ended |               |
|  | Unit:Thousand        | 2015                          | 2014    | 2015           | 2014           | 2015                            | 2014          |
| 38.Racha Uchino Co., Ltd.  | 121,500              | 0.49                          | 0.49    | 359            | 359            | 6                               | 39            |
| 39.Pattaya Manufacturing Co., Ltd.   | 30,000               | 0.33                          | 0.33    | 741            | 741            | 40                              | 40            |
| 40.Fujix International Co., Ltd.   | 100,000              | 3.00                          | 3.00 *  | 3,000          | 3,000          | -                               | -             |
| 41. KP Soft Co., Ltd.  | 120,000              | 4.00                          | 4.00 *  | 9,200          | 9,200          | -                               | -             |
| 42. PT. TRINITY LUXTRO APPAREL   | USD 1,500            | 19.00                         | 19.00   | 7,432          | 7,432          | -                               | -             |
| 43.Saha Asia Pacific Co., Ltd.   | 187,835              | 6.39                          | -       | 6,000          | -              | -                               | -             |
| Total  |                      |                               |         | 406,967        | 400,567        | 9,908                           | 10,396        |
| <u>Less</u> Allowance for impairment (*)   |                      |                               |         | (35,912)       | (29,892)       | -                               | -             |
| <b>Total general investments stated in the separate financial statements-net</b>                         |                      |                               |         | <b>371,055</b> | <b>370,675</b> | <b>9,908</b>                    | <b>10,396</b> |
| General investment subsidiary company  |                      |                               |         |                |                |                                 |               |
| 44. Treasure Hill Co., Ltd.  |                      |                               |         | 4,000          | 4,000          | -                               | -             |
| <u>Less</u> Allowance for impairment   |                      |                               |         | (4,000)        | (4,000)        | -                               | -             |
| <b>Total general investments (related companies) stated in the consolidated financial statements-net</b> |                      |                               |         | <b>371,055</b> | <b>370,675</b> | <b>9,908</b>                    | <b>10,396</b> |
| <b>- Other companies</b>   |                      |                               |         |                |                |                                 |               |
| 1.Miwaki SDN. BHD.   | RM 1,000             | 19.00                         | 19.00   | 2,481          | 2,481          | -                               | -             |
| 2.Miwaki Philippines Inc.  | USD 400              | 19.00                         | 19.00 * | 3,317 *        | 3,317          | -                               | -             |
| 3.Intersouth Co., Ltd.   | 1,000                | 12.50                         | 12.50   | 4,286          | 4,286          | 56                              | 100           |
| 4.Builton (Thailand) Co., Ltd.   | 4,000                | -                             | -       | -              | -              | -                               | 6             |
| 5.Sunlots Enterprise Plc.  | 130,000              | 2.69                          | 2.69 *  | 4 *            | 4              | -                               | -             |
| 6.Khonkaen Vithes Suksa Co., Ltd.  | 60,000               | 1.67                          | 1.67    | 1,000          | 1,000          | 100                             | 175           |
| 7.Sigma Holding Co., Ltd.  | 46,364               | 0.26                          | 0.26 *  | 120 *          | 120            | -                               | -             |
| 8.Osoth Inter Laboratories Co., Ltd.   | 600,000              | 0.15                          | 0.15 *  | 825 *          | 825            | -                               | -             |
| Total  |                      |                               |         | 12,033         | 12,033         | 156                             | 281           |
| <u>Less</u> Allowance for impairment (*)   |                      |                               |         | (3,488)        | (3,506)        | -                               | -             |
| <b>Total general investments - other companies - net</b>   |                      |                               |         | <b>8,545</b>   | <b>8,527</b>   | <b>156</b>                      | <b>281</b>    |
| <b>Total general investments - net</b>   |                      |                               |         | <b>379,600</b> | <b>379,202</b> | <b>10,064</b>                   | <b>10,677</b> |

## (Gain) loss on impairment of investment - net

|   | Consolidated financial statements |         | Separate financial statements |         |
|---|-----------------------------------|---------|-------------------------------|---------|
|   | 2015                              | 2014    | 2015                          | 2014    |
| Loss on impairment of investments                     |                                   |         |                               |         |
| - Subsidiary companies                                | -                                 | -       | 18,646                        | 9,831   |
| - General investments                                 | 7,778                             | 579     | 7,778                         | 579     |
| Total   | 7,778                             | 579     | 26,424                        | 10,410  |
| Gain on reversal of loss on impairments of investment |                                   |         |                               |         |
| - Subsidiary companies                                | -                                 | -       | (2,172)                       | (1,670) |
| - General investments                                 | (1,906)                           | (1,097) | (1,906)                       | (1,097) |
| Total   | (1,906)                           | (1,097) | (4,078)                       | (2,767) |
| Net   | 5,872                             | ( 518)  | 22,346                        | 7,643   |



## 14. INVESTMENTS IN DEBT SECURITIES HELD TO MATURITY – NET

As of 31 December 2015 and 2014, investments in debt securities held to maturity are as follows :-

(UNIT : BAHT)

|  | Consolidated and separate financial statements |              |
|--|--|--------------|
|  | 2015   | 2014         |
| Debentures   | 325,575,165                                    | 184,000,000  |
| <u>Less</u> current portion of debentures with redemption within |  |              |
| 1 year (Shown in short-term investments - Note 7)                | (19,000,000)                                   | (30,000,000) |
| Net (Redemption within 2 - 4 years)                              | 306,575,165                                    | 154,000,000  |

Movements of investments in debt securities for the years ended 31 December 2015 and 2014 are as follows :-

(UNIT : BAHT)

|                                      | Consolidated and separate financial statements |              |
|--------------------------------------|--|--------------|
|                                      | 2015   | 2014         |
| Beginning balance - net book value   | 184,000,000                                    | 124,000,000  |
| Acquisition                          | 171,601,882                                    | 110,000,000  |
| Redemption                           | (30,000,000)                                   | (50,000,000) |
| Amortization of premium on debenture | (26,717)                                       | -            |
| Ending balance - net book value      | 325,575,165                                    | 184,000,000  |

As of 31 December 2015 and 2014, investments in debt securities are as follows :-

(UNIT : BAHT)

|   | Consolidated and separate financial statements |            |
|---|--|------------|
|   | 2015   | 2014       |
| The Siam Cement PCL.  | 64,000,000                                     | 44,000,000 |
| SC Asset Corporation PCL.   | 19,500,000                                     | -          |
| Rojana Industrial Park PCL.   | 10,000,000                                     | -          |
| CP All PCL. (*)   | 45,000,000                                     | 25,000,000 |
| Thanachart Capital PCL.   | 5,000,000                                      | 5,000,000  |
| Toyota Leasing (Thailand) Co., Ltd. (*)   | 10,000,000                                     | 10,000,000 |
| TICON Industrial Connection PCL.  | 5,000,000                                      | 5,000,000  |
| Pruksa Real Estate PCL.   | 5,000,000                                      | 5,000,000  |
| Bank of Ayudhya PCL.  | -  | 20,000,000 |
| CH. Karnchang PCL.  | 6,000,000                                      | 5,000,000  |
| Thai Airways International PCL.   | 10,000,000                                     | 10,000,000 |
| Bangchak Petroleum PCL.   | 10,000,000                                     | 10,000,000 |
| IRPC PCL.   | 15,000,000                                     | 15,000,000 |
| Thaicom PCL.  | 10,000,000                                     | 10,000,000 |
| The Bonds of the Ministry of Finance of<br>the Lao People's Democratic Republic | 20,000,000                                     | 20,000,000 |

## Financial Position and Operating Results

(UNIT : BAHT)

|   | Consolidated and separate financial statements |             |
|---|--|-------------|
|   | 2015   | 2014        |
| Krungthai Card PCL.                           | 20,000,000                                     | -           |
| True Move H Universal Communication Co., Ltd. | 20,095,912                                     | -           |
| WHA Corporation PCL.                          | 10,000,000                                     | -           |
| True Corporation PCL.                         | 20,000,000                                     | -           |
| Hemaraj Land And Development PCL.             | 20,979,253                                     | -           |
| Total   | 325,575,165                                    | 184,000,000 |
| Fair value - ending balance                   | 334,925,485                                    | 188,517,041 |

All the debentures are unsecured and unsubordinated (except\* debentures of Baht 55 million issued by Toyota Leasing (Thailand) Co., Ltd. and CP All PCL. which is secured and unsubordinated) which bear interests at the rates at 3.75 to 6.00 percent per annum (31 December 2014: 3.78 to 5.20 percent per annum).

Interests are payable every 3 and 6 months as from the issuance dates of the debentures.

### Level of fair value and valuation techniques

The fair value measurement of investments in debt securities has been categorized as a Level 2, the fair value is determined by using the yield curve as announced by the Thai Bond Market Association at the measurement date of investment.

## 15. OTHER LONG-TERM INVESTMENT - NET

(UNIT : BAHT)

|  | Consolidated and separate financial statements |             |
|--|--|-------------|
|  | 2015   | 2014        |
| Fixed deposits   | 37,000,000                                     | 44,000,000  |
| <u>Less</u> current portion of investment with redemption within |  |             |
| 1 year (Shown in short-term investments - Note 7)                | (37,000,000)                                   | (7,000,000) |
| Net  | -  | 37,000,000  |

Movements of other long-term investment in fixed deposits for the years ended 31 December 2015 and 2014 are as follows:-

|                                    | Consolidated and separate financial statements |              |
|------------------------------------|--|--------------|
|                                    | 2015   | 2014         |
| Beginning balance - net book value | 44,000,000                                     | 22,500,000   |
| Acquisition                        | -  | 37,000,000   |
| Redemption                         | (7,000,000)                                    | (15,500,000) |
| Ending balance - net book value    | 37,000,000                                     | 44,000,000   |

As of 31 December 2015 and 2014, other long - term investment represents fixed deposits with maturity of over 12 months with local financial institutions which bear interests at the rates at 3.15 - 3.50 per cent per annum. (2014 : 3.15 - 3.50 per cent per annum)

## 16. INVESTMENT PROPERTY - NET

(UNIT : BAHT)

|                                    | Consolidated and separate financial statements |                  |            |            |
|------------------------------------|--|------------------|------------|------------|
|                                    | Land   | Land improvement | Building   | Total      |
| <b>Cost:-</b>                      |  |                  |            |            |
| 31 December 2013                   | 36,415,614                                     | 8,081,187        | 17,485,760 | 61,982,561 |
| Acquisition                        | -  | -                | -          | -          |
| Disposal                           | -  | -                | -          | -          |
| 31 December 2014                   | 36,415,614                                     | 8,081,187        | 17,485,760 | 61,982,561 |
| Acquisition                        | -  | -                | -          | -          |
| Disposal                           | -  | -                | -          | -          |
| 31 December 2015                   | 36,415,614                                     | 8,081,187        | 17,485,760 | 61,982,561 |
| <b>Accumulated depreciation :-</b> |  |                  |            |            |
| 31 December 2013                   | -  | 6,266,087        | 769,422    | 7,035,509  |
| Depreciation for the year          | -  | 431,128          | 874,288    | 1,305,416  |
| Disposal                           | -  | -                | -          | -          |
| 31 December 2014                   | -  | 6,697,215        | 1,643,710  | 8,340,925  |
| Depreciation for the year          | -  | 431,038          | 874,288    | 1,305,326  |
| Disposal                           | -  | -                | -          | -          |
| 31 December 2015                   | -  | 7,128,253        | 2,517,998  | 9,646,251  |
| <b>Net book value</b>              |  |                  |            |            |
| 31 December 2015                   | 36,415,614                                     | 952,934          | 14,967,762 | 52,336,310 |
| 31 December 2014                   | 36,415,614                                     | 1,383,972        | 15,842,050 | 53,641,636 |
| Appraised value (*)                | 39,536,000                                     | 2,642,500        | 96,000     | 42,274,500 |
| Appraised value (**)               | 6,149,588                                      | 3,058,715        | 16,301,456 | 25,509,759 |
| Total appraised value              | 45,685,588                                     | 5,701,215        | 16,397,456 | 67,784,259 |

(\*) The appraised value was determined by an independent appraiser on 7 November 2014.

(\*\*) The appraised value was determined by an independent appraiser on 11 November 2014.

### Level of fair value and valuation techniques

The fair value measurement of land has been categorized as a Level 2, the fair value is based on the comparison approach to the valuation technique used.

The fair value measurement of building has been categorized as a Level 2, the fair value is based on the cost approach to the valuation technique used.

## 17. PROPERTY, PLANT AND EQUIPMENT - NET

|                  | Consolidated financial statements |                  |             |              |                  |             |                        |                           | (UNIT : BAHT) |
|------------------|-----------------------------------|------------------|-------------|--------------|------------------|-------------|------------------------|---------------------------|---------------|
|                  | Land                              | Land improvement | Building    | Machinery    | Office equipment | Vehicles    | Furniture and fixtures | Assets under installation | Total         |
| Cost:-           |                                   |                  |             |              |                  |             |                        |                           |               |
| 31 December 2013 | 202,005,688                       | 22,521,841       | 381,109,960 | 413,350,789  | 167,644,875      | 38,801,769  | 211,701,854            | 2,201,000                 | 1,439,337,776 |
| Acquisition      | -                                 | -                | -           | 12,000       | 4,266,503        | 304,800     | 1,755,231              | 8,884,541                 | 15,223,075    |
| Transferred in   | -                                 | -                | -           | 7,405,092    | 571,998          | -           | 1,815,525              | -                         | 9,792,615     |
| Disposal         | -                                 | -                | -           | (9,850,837)  | (1,808,626)      | (1,141,900) | (488,000)              | -                         | (13,289,363)  |
| Written off      | -                                 | -                | -           | -            | (1,623,414)      | (14,850)    | (869,102)              | -                         | (2,507,366)   |
| Transferred out  | -                                 | -                | -           | -            | -                | -           | -                      | (9,792,615)               | (9,792,615)   |
| 31 December 2014 | 202,005,688                       | 22,521,841       | 381,109,960 | 410,917,044  | 169,051,336      | 37,949,819  | 213,915,508            | 1,292,926                 | 1,438,764,122 |
| Acquisition      | -                                 | 633,956          | 48,840      | 77,250       | 6,356,242        | 4,104,270   | 4,173,228              | 24,509,507                | 39,903,293    |
| Transferred in   | -                                 | -                | 7,657,675   | 7,006,973    | 1,206,205        | -           | 8,884,446              | -                         | 24,755,299    |
| Disposal         | -                                 | -                | -           | (11,158,908) | (1,210,023)      | (300,000)   | (609,000)              | -                         | (13,277,931)  |
| Written off      | -                                 | -                | -           | (720,000)    | (718,329)        | (1,800)     | -                      | -                         | (1,440,129)   |
| Transferred out  | -                                 | -                | -           | -            | -                | -           | -                      | (24,755,299)              | (24,755,299)  |
| 31 December 2015 | 202,005,688                       | 23,155,797       | 388,816,475 | 406,122,359  | 174,685,431      | 41,752,289  | 226,364,182            | 1,047,134                 | 1,463,949,355 |

## Consolidated financial statements

(UNIT : BAHT)

|                                    | Land        | Land<br>improvement | Building    | Machinery    | Office<br>equipment | Vehicles   | Furniture and<br>fixtures | Assets under<br>installation | Total         |
|------------------------------------|-------------|---------------------|-------------|--------------|---------------------|------------|---------------------------|------------------------------|---------------|
| <b>Accumulated depreciation :-</b> |             |                     |             |              |                     |            |                           |                              |               |
| 31 December 2013                   | -           | 12,824,198          | 263,652,062 | 362,163,288  | 145,149,748         | 29,357,142 | 178,420,912               | -                            | 991,567,350   |
| Depreciation for the year          | -           | 2,849,045           | 8,126,067   | 18,347,458   | 8,562,516           | 2,425,734  | 10,111,204                | -                            | 50,422,024    |
| Disposal                           | -           | -                   | -           | (9,844,416)  | (1,799,438)         | (743,992)  | (487,999)                 | -                            | (12,875,845)  |
| Written off                        | -           | -                   | -           | -            | (1,606,701)         | (14,842)   | (703,192)                 | -                            | (2,324,735)   |
| 31 December 2014                   | -           | 15,673,243          | 271,778,129 | 370,666,330  | 150,306,125         | 31,024,042 | 187,340,925               | -                            | 1,026,788,794 |
| Depreciation for the year          | -           | 2,862,718           | 6,210,389   | 18,097,406   | 8,027,380           | 2,724,594  | 11,461,960                | -                            | 49,384,447    |
| Disposal                           | -           | -                   | -           | (11,156,561) | (1,201,655)         | (101,753)  | (608,997)                 | -                            | (13,068,966)  |
| Written off                        | -           | -                   | -           | (719,999)    | (708,715)           | (1,799)    | -                         | -                            | (1,430,513)   |
| 31 December 2015                   | -           | 18,535,961          | 277,988,518 | 376,887,176  | 156,423,135         | 33,645,084 | 198,193,888               | -                            | 1,061,673,762 |
| <b>Net book value</b>              |             |                     |             |              |                     |            |                           |                              |               |
| 31 December 2015                   | 202,005,688 | 4,619,836           | 110,827,957 | 29,235,183   | 18,262,296          | 8,107,205  | 28,170,294                | 1,047,134                    | 402,275,593   |
| 31 December 2014                   | 202,005,688 | 6,848,598           | 109,331,831 | 40,250,714   | 18,745,211          | 6,925,777  | 26,574,583                | 1,292,926                    | 411,975,328   |

| Separate financial statements |             |                  |             |              |                  |             |                        |                           | (UNIT : BAHT) |
|-------------------------------|-------------|------------------|-------------|--------------|------------------|-------------|------------------------|---------------------------|---------------|
|                               | Land        | Land improvement | Building    | Machinery    | Office equipment | Vehicles    | Furniture and fixtures | Assets under installation | Total         |
| <b>Cost:-</b>                 |             |                  |             |              |                  |             |                        |                           |               |
| 31 December 2013              | 186,075,743 | 22,521,841       | 334,448,330 | 345,664,821  | 150,669,790      | 37,271,488  | 176,627,486            | 2,201,000                 | 1,255,480,499 |
| Acquisition                   | -           | -                | -           | -            | 3,743,222        | 304,800     | 377,190                | 7,885,016                 | 12,310,228    |
| Transferred in                | -           | -                | -           | 7,405,092    | 571,998          | -           | 816,000                | -                         | 8,793,090     |
| Disposal                      | -           | -                | -           | (792,017)    | (1,808,626)      | (1,141,900) | (488,000)              | -                         | (4,230,543)   |
| Written off                   | -           | -                | -           | -            | (1,609,685)      | (14,850)    | -                      | -                         | (1,624,535)   |
| Transferred out               | -           | -                | -           | -            | -                | -           | -                      | (8,793,090)               | (8,793,090)   |
| 31 December 2014              | 186,075,743 | 22,521,841       | 334,448,330 | 352,277,896  | 151,566,699      | 36,419,538  | 177,332,676            | 1,292,926                 | 1,261,935,649 |
| Acquisition                   | -           | 633,956          | 48,840      | -            | 4,198,429        | 2,795,270   | 486,000                | 24,509,507                | 32,672,002    |
| Transferred in                | -           | -                | 7,657,675   | 7,006,973    | 1,206,205        | -           | 8,884,446              | -                         | 24,755,299    |
| Disposal                      | -           | -                | -           | (11,158,908) | (1,210,023)      | (300,000)   | (609,000)              | -                         | (13,277,931)  |
| Written off                   | -           | -                | -           | (720,000)    | (704,582)        | (1,800)     | -                      | -                         | (1,426,382)   |
| Transferred out               | -           | -                | -           | -            | -                | -           | -                      | (24,755,299)              | (24,755,299)  |
| 31 December 2015              | 186,075,743 | 23,155,797       | 342,154,845 | 347,405,961  | 155,056,728      | 38,913,008  | 186,094,122            | 1,047,134                 | 1,279,903,338 |

| Separate financial statements      |             |                  |             |              |                  |            |                        | (UNIT : BAHT)             |              |
|------------------------------------|-------------|------------------|-------------|--------------|------------------|------------|------------------------|---------------------------|--------------|
|                                    | Land        | Land improvement | Building    | Machinery    | Office equipment | Vehicles   | Furniture and fixtures | Assets under installation | Total        |
| <b>Accumulated depreciation :-</b> |             |                  |             |              |                  |            |                        |                           |              |
| 31 December 2013                   | -           | 12,824,198       | 223,984,145 | 297,641,471  | 130,564,221      | 27,826,858 | 145,907,455            | -                         | 838,748,348  |
| Depreciation for the year          | -           | 2,849,045        | 7,199,146   | 17,305,016   | 7,465,585        | 2,425,734  | 9,306,342              | -                         | 46,550,868   |
| Disposal                           | -           | -                | -           | (785,659)    | (1,799,438)      | (743,992)  | (487,999)              | -                         | (3,817,088)  |
| Written off                        | -           | -                | -           | -            | (1,593,627)      | (14,842)   | -                      | -                         | (1,608,469)  |
| 31 December 2014                   | -           | 15,673,243       | 231,183,291 | 314,160,828  | 134,636,741      | 29,493,758 | 154,725,798            | -                         | 879,873,659  |
| Depreciation for the year          | -           | 2,862,719        | 5,808,148   | 17,093,511   | 6,828,275        | 2,594,685  | 10,037,829             | -                         | 45,225,167   |
| Disposal                           | -           | -                | -           | (11,156,561) | (1,201,655)      | (101,753)  | (608,997)              | -                         | (13,068,966) |
| Written off                        | -           | -                | -           | (719,999)    | (696,869)        | (1,799)    | -                      | -                         | (1,418,667)  |
| 31 December 2015                   | -           | 18,535,962       | 236,991,439 | 319,377,779  | 139,566,492      | 31,984,891 | 164,154,630            | -                         | 910,611,193  |
| <b>Net book value</b>              |             |                  |             |              |                  |            |                        |                           |              |
| 31 December 2015                   | 186,075,743 | 4,619,835        | 105,163,406 | 28,028,182   | 15,490,236       | 6,928,117  | 21,939,492             | 1,047,134                 | 369,292,145  |
| 31 December 2014                   | 186,075,743 | 6,848,598        | 103,265,039 | 38,117,068   | 16,929,958       | 6,925,780  | 22,606,878             | 1,292,926                 | 382,061,990  |



## 18. INTANGIBLE ASSETS - NET

As of 31 December 2015 and 2014, computer software consist of :-

(UNIT : BAHT)

|   | Consolidated financial statements |                   | Separate financial statements |                   |
|---|-----------------------------------|-------------------|-------------------------------|-------------------|
|   | 2015                              | 2014              | 2015                          | 2014              |
| <b>Cost</b>                                 |                                   |                   |                               |                   |
| 1 January                                   | 42,641,176                        | 40,486,387        | 41,422,073                    | 39,306,884        |
| Acquisition                                 | 6,205,200                         | 462,200           | 6,136,200                     | 422,600           |
| Transferred in                              | -                                 | 1,692,589         | -                             | 1,692,589         |
| Disposal/written off                        | -                                 | -                 | -                             | -                 |
| 31 December                                 | 48,846,376                        | 42,641,176        | 47,558,273                    | 41,422,073        |
| <b>Accumulated amortization</b>             |                                   |                   |                               |                   |
| 1 January                                   | 27,702,181                        | 25,366,598        | 26,615,951                    | 24,296,683        |
| Amortization expenses for the year          | 2,437,263                         | 2,335,583         | 2,416,022                     | 2,319,268         |
| Disposal/written off                        | -                                 | -                 | -                             | -                 |
| 31 December                                 | 30,139,444                        | 27,702,181        | 29,031,973                    | 26,615,951        |
| <b>Net book value - 31 Dcember</b>          | <b>18,706,932</b>                 | <b>14,938,995</b> | <b>18,526,300</b>             | <b>14,806,122</b> |
| <b>Computer software under installation</b> |                                   |                   |                               |                   |
| 1 January                                   | -                                 | 1,367,839         | -                             | 1,367,839         |
| Acquisition                                 | -                                 | 324,750           | -                             | 324,750           |
| Transferred out                             | -                                 | (1,692,589)       | -                             | (1,692,589)       |
| 31 December                                 | -                                 | -                 | -                             | -                 |
| <b>Net book value - 31 Dcember</b>          | <b>18,706,932</b>                 | <b>14,938,995</b> | <b>18,526,300</b>             | <b>14,806,122</b> |

## 19. LEASEHOLD RIGHT - NET

(UNIT : BAHT)

|                                    | Consolidated and separate financial statements |                  |
|------------------------------------|--|------------------|
|                                    | 2015   | 2014             |
| <b>Cost :-</b>                     |  |                  |
| 1 January                          | 23,446,576                                     | 23,446,576       |
| Increases                          | 11,705,850                                     | -                |
| 31 December                        | 35,152,426                                     | 23,446,576       |
| <b>Accumulated amortization :-</b> |  |                  |
| 1 January                          | 17,022,107                                     | 16,035,271       |
| Amortization expenses for the year | 2,269,670                                      | 986,836          |
| 31 December                        | 19,291,777                                     | 17,022,107       |
| <b>Net</b>                         | <b>15,860,649</b>                              | <b>6,424,469</b> |

## 20. OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTION

The subsidiary companies have overdrafts and short-term loans from financial institutions as follows.

| Subsidiaries               | Overdraft and short-term loans lines (Million Baht) | Guaranteed by  |
|----------------------------|---|----------------|
| Celebrate Wealth Co., Ltd. | 4.00  | Parent company |
| S. Apparel Co., Ltd.       | 42.00   | -              |

As of 31 December 2015, S. Apparel Co., Ltd. has issued a promissory note with maturity of 1 month of Baht 6 million to a financial institution. The loan is unsecured and subject to the interest at 4.00 percent per annum (31 December 2014 : nil).

## 21. TRADE AND OTHER PAYABLES

(UNIT : BAHT)

|  | Consolidated financial statements |                    | Separate financial statements |                    |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
|  | 2015                              | 2014               | 2015                          | 2014               |
| <b>Accounts payables - trade</b>       |                                   |                    |                               |                    |
| Related companies (Note 5.3)           | 32,596,497                        | 27,154,052         | 19,540,298                    | 24,295,682         |
| Others                                 | 97,423,963                        | 108,609,189        | 88,146,153                    | 96,541,812         |
| <b>Total accounts payables - trade</b> | <b>130,020,460</b>                | <b>135,763,241</b> | <b>107,686,451</b>            | <b>120,837,494</b> |
| <b>Other payables</b>                  |                                   |                    |                               |                    |
| Accrued bonus                          | 40,288,953                        | 53,841,774         | 38,374,422                    | 50,640,106         |
| Accrued expenses                       | 30,065,867                        | 31,220,760         | 28,940,777                    | 28,160,533         |
| Accrued royalties                      | 9,251,665                         | 23,959,122         | 8,743,218                     | 23,521,416         |
| Others                                 | 22,127,677                        | 29,397,806         | 21,990,485                    | 28,738,729         |
| <b>Total trade and other payables</b>  | <b>231,754,622</b>                | <b>274,182,703</b> | <b>205,735,353</b>            | <b>251,898,278</b> |

## 22. RETIREMENT BENEFIT OBLIGATION

Movement of retirement benefit obligation for the years ended 31 December 2015 and 2014 are as follows:-

(UNIT : BAHT)

|   | Consolidated financial statements |              | Separate financial statements |              |
|---|-----------------------------------|--------------|-------------------------------|--------------|
|   | 2015                              | 2014         | 2015                          | 2014         |
| Retirement benefit obligation   |                                   |              |                               |              |
| - beginning balance - 1 January   | 175,293,087                       | 177,554,967  | 161,894,603                   | 161,782,288  |
| Employee benefit expenses for the year  | 27,038,325                        | 28,551,014   | 24,478,350                    | 25,519,816   |
| Employee benefit paid during the year   | (23,801,335)                      | (11,012,614) | (22,625,059)                  | (10,166,231) |
| Adjustment of retirement benefit obligation (presented in statements of comprehensive income) | -                                 | (11,671,298) | -                             | (8,675,094)  |
| Actuarial gain (presented in statements of other comprehensive income)                        | -                                 | (8,128,982)  | -                             | (6,566,176)  |
| Retirement benefit obligation   |                                   |              |                               |              |
| - ending balance - 31 December  | 178,530,077                       | 175,293,087  | 163,747,894                   | 161,894,603  |

Actuarial gain (net income tax)

|   | Consolidated financial statements |             | Separate financial statements |             |
|---|-----------------------------------|-------------|-------------------------------|-------------|
|   | 2015                              | 2014        | 2015                          | 2014        |
| Actuarial gain  | -                                 | 8,128,982   | -                             | 6,566,176   |
| Less income tax   | -                                 | (1,406,673) | -                             | (1,313,235) |
| Net (presented in statements of other comprehensive income) | -                                 | 6,722,309   | -                             | 5,252,941   |

Employee benefit expenses were recognized in statements of income for the years ended 31 December 2015 and 2014 are as follows :-

|                       | Consolidated financial statements |            | Separate financial statements |            |
|-----------------------|-----------------------------------|------------|-------------------------------|------------|
|                       | 2015                              | 2014       | 2015                          | 2014       |
| Current service costs | 22,262,061                        | 23,797,459 | 20,058,627                    | 21,103,160 |
| Interest costs        | 4,776,264                         | 4,753,555  | 4,419,723                     | 4,416,656  |
| Total                 | 27,038,325                        | 28,551,014 | 24,478,350                    | 25,519,816 |

The principle actuarial assumption used to calculate the defined benefit obligation for the year ended 31 December 2015 and 2014 are as follows :-

|  | Consolidated and separate financial statements |                   |
|--|--|-------------------|
|  | 2015   | 2014              |
| <b>The principle actuarial assumptions:-</b> |  |                   |
| Discount rate                                | 2.42% - 3.17%                                  | 2.42% - 3.17%     |
| Disability rate                              | 5.00% (TMO 2008)                               | 5.00% (TMO 2008)  |
| Salary increase rate                         | 3.00% - 5.00%                                  | 3.00% - 5.00%     |
| Turnover rate                                | Age-related scale                              | Age-related scale |

## 23. LEGAL RESERVE

Under the Public Limited Companies Act B.E. 2535 the Company is required to allocate not less than 5 per cent of its annual net profit, less any accumulated losses brought forward (if any), as legal reserve until this account reaches an amount not less than 10 per cent of the registered capital. The legal reserve is not available for dividend distribution.

## 24. GENERAL RESERVE

The Company has appropriated part of its net profit for general reserves with no specific objective.

## 25. EXPENSES CLASSIFIED BY NATURE OF EXPENSES

For the years ended 31 December 2015 and 2014 expenses classified by their nature are as follows:-

|   | (UNIT : BAHT)                     |             |                               |             |
|---|-----------------------------------|-------------|-------------------------------|-------------|
|   | Consolidated financial statements |             | Separate financial statements |             |
|   | 2015                              | 2014        | 2015                          | 2014        |
| Changes in finished goods and work-in process (increase) decrease | (13,520,631)                      | 14,456,878  | 3,597,779                     | 9,436,039   |
| Purchases of finished goods                                       | 185,506,815                       | 166,400,983 | 135,966,061                   | 137,026,614 |
| Loss on diminution in inventories                                 | 16,911,916                        | 22,018,184  | 13,142,779                    | 20,883,936  |

## Financial Position and Operating Results

(UNIT : BAHT)

|  | Consolidated financial statements |             | Separate financial statements |             |
|--|-----------------------------------|-------------|-------------------------------|-------------|
|  | 2015                              | 2014        | 2015                          | 2014        |
| Raw materials and supplies used        | 705,793,164                       | 752,644,432 | 667,467,249                   | 711,647,927 |
| Management benefit expenses            | 31,993,318                        | 32,053,416  | 27,617,103                    | 29,779,439  |
| Employee benefit expenses              | 683,502,372                       | 672,159,583 | 588,646,428                   | 581,263,272 |
| Depreciation and amortization expenses | 55,396,706                        | 55,049,859  | 51,216,185                    | 51,162,388  |
| Royalty expenses                       | 48,218,184                        | 95,187,666  | 47,273,471                    | 94,381,259  |

### 26. PROMOTIONAL PRIVILEGES

By virtue of the Investment Promotion Act, B.E. 2520, the Company has been granted some promotional privileges from the Board of Investment (BOI) as follows:-

|   |                                  |  |                     |  |
|---|----------------------------------|--|---------------------|--|
| 1. Promotional certificates No.   | 1329(1)/2544                     | 1604(2)/2550                           | 1627(2)/2554        | 1628(2)/2554                           |
| 2. Dates of promotional certificates  | 2/5/01                           | 18/6/07                                | 31/5/11             | 31/5/11                                |
| 3. The first receiving revenues dates   | 1/2/03                           | 1/10/07                                | 4/5/11              | 2/9/11                                 |
| 4. The type of business promoted  | Textile or fragment              | Leather products or artificial leather | Textile or fragment | Leather products or artificial leather |
| 5. Important privileges which are granted:-   |                                  |  |                     |  |
| 5.1 Exemption from corporate income tax on net profit from promotional operations, commencing from the first receiving revenue date.                    | 8 years<br>(Expired on 31/1/11)  | 8 years<br>(Expired on 31/12/11)       | 8 years             | 8 years                                |
| 5.2 Exemption from income tax on dividends from promoted business which was exempted from income tax in 5.1.  | 8 years<br>(Expired on 31/1/11)  | 8 years<br>(Expired on 31/12/11)       | 8 years             | 8 years                                |
| 5.3 Reduction of the corporate income tax on net profit from promoted business at 50% of normal rate after the end of exemption period.                 | 5 years                          | 5 years                                | 5 years             | 5 years                                |
| 5.4 Double deduction of expenses for utilities (electricity, water and transportation) for the year.  | 10 years<br>(Expired on 31/1/13) | 10 years                               | 10 years            | 10 years                               |
| 5.5 Exemption from corporate income tax for amounts not exceeding (Adjustable to capital investment amount excluding cost of land and working capital). | -                                | Baht 25.85 million                     | Baht 40.98 million  | Baht 67.60 million                     |

As a promoted entity, the Company must strictly comply with certain terms and conditions stipulated in the promotional certificates.

Income derived from BOI and non-BOI activities are summarized as follows :-

(UNIT : MILLION BAHT)

| Consolidated financial statements |          |        |          |          |        |          |
|-----------------------------------|----------|--------|----------|----------|--------|----------|
|                                   | 2015     |        |          | 2014     |        |          |
|                                   | Local    | Export | Total    | Local    | Export | Total    |
| BOI promoted business             | 497.40   | 317.17 | 814.57   | 517.48   | 295.86 | 813.34   |
| Non - BOI promoted business       | 880.65   | 380.13 | 1,260.78 | 900.74   | 451.07 | 1,351.81 |
| Total                             | 1,378.05 | 697.30 | 2,075.35 | 1,418.22 | 746.93 | 2,165.15 |
| Separate financial statements     |          |        |          |          |        |          |
|                                   | 2015     |        |          | 2014     |        |          |
|                                   | Local    | Export | Total    | Local    | Export | Total    |
| BOI promoted business             | 497.40   | 317.17 | 814.57   | 517.48   | 295.86 | 813.34   |
| Non - BOI promoted business       | 768.67   | 316.14 | 1,084.81 | 781.04   | 377.09 | 1,158.13 |
| Total                             | 1,266.07 | 633.31 | 1,899.38 | 1,298.52 | 672.95 | 1,971.47 |

## 27. FINANCIAL INFORMATION BY SEGMENT

Operating 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 decisions about the allocation of resources to the segment and assess its performance.

The Group's business operation involves 2 principal segments: (1) men's apparel (2) women's apparel with geographical segments of both local and export sales. Segment performance is considered by revenue and gross profit, and is also measured based on the group operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. Revenue and gross profit of operating segments for the years ended 31 December 2015 and 2014 are as follows :-

# Financial Position and Operating Results

(UNIT : THOUSAND BAHT)

For the year ended 31 December 2015

|  | Men's<br>apparel | Women's<br>apparel | Other<br>segment | Consolidated<br>financial statements |
|--|------------------|--------------------|------------------|--------------------------------------|
| <b>Revenue</b>                           |                  |                    |                  |                                      |
| Revenue from sales - net                 | 1,309,160        | 704,742            | -                | 2,013,902                            |
| Revenue from rendering of services       | 61,449           | -                  | -                | 61,449                               |
| <b>Gross profit by segment</b>           | <b>304,769</b>   | <b>266,443</b>     | <b>-</b>         | <b>571,212</b>                       |
| Interest income                          | -                | -                  | 34,585           | 34,585                               |
| Other income                             | -                | -                  | 117,802          | 117,802                              |
| Selling expenses                         | (93,618)         | (52,370)           | (11,150)         | (157,138)                            |
| Administrative expenses                  | (103,846)        | (37,797)           | (251,662)        | (393,305)                            |
| Finance costs                            | -                | -                  | (115)            | (115)                                |
| <b>Profit before income tax expenses</b> | <b>107,305</b>   | <b>176,276</b>     | <b>(110,540)</b> | <b>173,041</b>                       |
| Income tax expenses                      |                  |                    |                  | (6,819)                              |
| <b>Net profit for the year</b>           |                  |                    |                  | <b>166,222</b>                       |
| <b>Additional information :-</b>         |                  |                    |                  |                                      |
| Depreciation and amortization expenses   |                  |                    |                  | 55,397                               |

For the year ended 31 December 2014

|  | Men's<br>apparel | Women's<br>apparel | Other<br>segment | Consolidated<br>financial statements |
|--|------------------|--------------------|------------------|--------------------------------------|
| <b>Revenue</b>                           |                  |                    |                  |                                      |
| Revenue from sales - net                 | 1,503,648        | 607,423            | -                | 2,111,071                            |
| Revenue from rendering of services       | 61,604           | -                  | -                | 61,604                               |
| <b>Gross profit by segment</b>           | <b>444,810</b>   | <b>174,465</b>     | <b>-</b>         | <b>619,275</b>                       |
| Interest income                          | -                | -                  | 33,846           | 33,846                               |
| Other income                             | -                | -                  | 127,060          | 127,060                              |
| Selling expenses                         | (113,303)        | (65,669)           | (14,486)         | (193,458)                            |
| Administrative expenses                  | (107,600)        | (40,098)           | (231,304)        | (379,002)                            |
| Finance costs                            | -                | -                  | (8)              | (8)                                  |
| <b>Profit before income tax expenses</b> | <b>223,907</b>   | <b>68,698</b>      | <b>(84,892)</b>  | <b>207,713</b>                       |
| Income tax expenses                      |                  |                    |                  | (3,160)                              |
| <b>Net profit for the year</b>           |                  |                    |                  | <b>204,553</b>                       |
| <b>Additional information :-</b>         |                  |                    |                  |                                      |
| Depreciation and amortization expenses   |                  |                    |                  | 55,050                               |

# Financial Position and Operating Results

As of 31 December 2015 and 2014, segment assets and liabilities of the Group are as follows :-

(UNIT : THOUSAND BAHT)

| As of 31 December 2015 |                  |                    |                   |                                   |   |
|------------------------|------------------|--------------------|-------------------|-----------------------------------|---|
|                        | Men's<br>apparel | Women's<br>apparel | Total<br>segments | Unallocated<br>assets/liabilities | Consolidated<br>financial<br>statements |
| Segment assets         | 399,421          | 266,839            | 666,260           | 3,237,901                         | 3,904,161                               |
| Segment liabilities    | 52,346           | 93,125             | 145,471           | 430,415                           | 575,886                                 |
| As of 31 December 2014 |                  |                    |                   |                                   |   |
|                        | Men's<br>apparel | Women's<br>apparel | Total<br>segments | Unallocated<br>assets/liabilities | Consolidated<br>financial<br>statements |
| Segment assets         | 423,098          | 259,330            | 682,428           | 3,244,698                         | 3,927,126                               |
| Segment liabilities    | 59,794           | 81,781             | 141,575           | 478,779                           | 620,354                                 |

(UNIT : THOUSAND BAHT)

For the year ended

|                           | 31 December 2015 | 31 December 2014 |
|---------------------------|------------------|------------------|
| <b>GEOGRAPHICAL AREAS</b> |                  |                  |
| Domestic sales            | 1,378,061        | 1,425,743        |
| Export sales              |                  |                  |
| - EUROPE                  | 242,914          | 273,501          |
| - ASIA                    | 336,910          | 356,443          |
| - AMERICA                 | 113,041          | 111,544          |
| - AUSTRALIA               | 2,376            | 2,020            |
| - SOUTH AFRICA            | 2,049            | 3,424            |

## Information of major customers

The Company has one major customer from segment of Men's apparel and Women's apparel for the years ended 31 December 2015 and 2014, in the amount of Baht 959.23 million and Baht 990.08 million, respectively.



## 28. TAX INCOME EXPENSES

As of 31 December 2015 and 2014, the components of deferred tax assets and deferred tax liabilities are as follows :-

(Unit: Thousand Baht)

|  | Consolidated financial statements |         | Separate financial statements |         |
|--|-----------------------------------|---------|-------------------------------|---------|
|  | For the year ended 31 December    |         |                               |         |
|  | 2015                              | 2014    | 2015                          | 2014    |
| <b>Deferred tax assets</b>   |                                   |         |                               |         |
| - Retirement benefit obligation                                    | 32,285                            | 31,840  | 32,094                        | 31,723  |
| - Consignment sales  | 4,360                             | 4,970   | 1,229                         | 1,083   |
| Total deferred tax assets  | 36,645                            | 36,810  | 33,323                        | 32,806  |
| <b>Deferred tax liabilities</b>                                    |                                   |         |                               |         |
| - Depreciation   | 5,241                             | 4,472   | 4,094                         | 3,304   |
| - Unrealized gain on revaluation of available for-sale-investments | 143,640                           | 155,519 | 143,640                       | 155,519 |
| Total deferred tax liabilities                                     | 148,881                           | 159,991 | 147,734                       | 158,823 |

Income tax expenses for the year ended 31 December 2015 and 2014 are as follows :-

(UNIT : THOUSAND BAHT)

|  | Consolidated financial statements |              | Separate financial statements |              |
|--|-----------------------------------|--------------|-------------------------------|--------------|
|  | For the year ended 31 December    |              |                               |              |
|  | 2015                              | 2014         | 2015                          | 2014         |
| <b>Current income tax</b>  |                                   |              |                               |              |
| Corporate income tax for the year  | 5,885                             | 4,033        | 5,885                         | 4,033        |
| <b>Deferred tax</b>  |                                   |              |                               |              |
| Relating to origination and reversal of temporary differences                  | 934                               | (873)        | 274                           | (490)        |
| <b>Income tax expenses reported in the- statements of comprehensive income</b> | <b>6,819</b>                      | <b>3,160</b> | <b>6,159</b>                  | <b>3,543</b> |

## Financial Position and Operating Results

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2015 and 2014.

| (UNIT : THOUSAND BAHT) |  |  |  |  |
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Corporate income tax of the Group for the year ended 31 December 2015 and 2014 are calculated from the accounting profit and adjusted with revenues and expenses which are exempted from income tax or expenses not allowed by income tax law.

Non - BOI business operations are subjected to corporate income tax at the rate of 20 per cent.

BOI business operation, the corporate income tax is calculated according to the privileges which are granted (Note 26).

Corporate income tax of the subsidiaries is calculated at the rate of 20 per cent of taxable profit.

## 29. PROVIDENT FUND

The Company and its subsidiaries have set up a provident fund for their employees under the Provident Fund Act B.E. 2530 (1987) for the staff's welfare as well as security upon their resignation or retirement as defined by the Company's regulations, which is contributed by its employees and by the Company at the rate of 3-5% of salary. The Company has appointed the BT Asset Management Company Limited to act as the fund manager.

The Company and subsidiaries' contributions to the employee provident fund were recorded as expenses in the statements of comprehensive income for the years ended 31 December 2015 and 2014 as follows:-

(UNIT: MILLION BAHT)

|                                 | Consolidated financial statements |       | Separate financial statements |       |
|---------------------------------|-----------------------------------|-------|-------------------------------|-------|
|                                 | 2015                              | 2014  | 2015                          | 2014  |
| Thanulux Public Company Limited | 9.83                              | 10.00 | 9.83                          | 10.00 |
| S. Apparel Co.,Ltd.             | 0.69                              | 0.71  | -                             | -     |
| T- CHAMBER Co.,Ltd.             | 0.05                              | 0.03  | -                             | -     |
| Celebrate Wealth Co.,Ltd.       | 0.40                              | 0.33  | -                             | -     |
| Total                           | 10.97                             | 11.07 | 9.83                          | 10.00 |

## 30. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the businesses. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total equity, excluding non-controlling interests and also monitors the level of dividends paid to ordinary shareholders.

## 31. COMMITMENT AND CONTINGENT LIABILITIES

31.1 As of 31 December 2015 and 2014 the Group has commitments and contingent liabilities as follows :-

(UNIT : MILLION BAHT)

|  | Consolidated financial statements |       | Separate financial statements |       |
|--|-----------------------------------|-------|-------------------------------|-------|
|  | 2015                              | 2014  | 2015                          | 2014  |
| Commitments and contingent liabilities |                                   |       |                               |       |
| Bank guarantee with Customs Department | 25.14                             | 23.69 | 25.14                         | 23.36 |
| Bank guarantee for electricity         | 5.77                              | 5.77  | 5.11                          | 5.11  |
| Bank guarantee for business operations | 0.52                              | 0.52  | 0.52                          | 0.52  |
| Loan guarantee for related companies   | 5.31                              | 5.31  | 5.31                          | 5.31  |
| Letter of credit opened and utilised   | 0.89                              | -     | 0.89                          | -     |

31.2 As of 31 December 2015, The Company has unused letters of credits of Baht 2.11 million (2014 : nil).

31.3 As of 31 December 2015 The Company has entered into 7 trademark contracts (31 December 2014 : 8 trademark contracts) with respective owners for the manufacturing and distribution apparel products under their trademarks. Both parties have mutual obligations to fulfill under these contracts whereby the Company is obliged to pay the royalty fees at the rate of 3.5 - 7.5 % of total sales (under the agreed contracts).

As of 31 December 2015 and 2014, one subsidiary company has 1 trademark contract with respective owner whereby it must pay the royalty fee at the rate of 7 % of total sales (under the agreed contracts).

- 31.4 The Company has commitments relating to land and building lease agreements and service agreements, whereby the Company must pay the monthly rentals and services in respect of the said contracts as follows :-

| Description                       | Period      | (UNIT: BAHT)          |                                |
|-----------------------------------|-------------|-----------------------|--------------------------------|
|                                   |             | Lease term<br>(years) | Monthly rental<br>and services |
| Land lease right                  | 2008 - 2018 | 10                    | 45,000                         |
| Building lease right and services | 2015 - 2022 | 7                     | 78,720                         |
| Building lease right and services | 2015 - 2022 | 7                     | 165,000                        |

- 31.5 As of 31 December 2015, the Company has commitment relating to fixed asset purchase agreement of Baht 10.17 million (2014 : Baht 24.37 million)

- 31.6 As of 31 December 2015 and 2014, The Group has commitment relating to building lease agreement, whereby the Group must pay the rentals as follows:-

| Description                | (UNIT: MILLION BAHT)              |      |                               |      |
|----------------------------|-----------------------------------|------|-------------------------------|------|
|                            | Consolidated financial statements |      | Separate financial statements |      |
|                            | 2015                              | 2014 | 2015                          | 2014 |
| Within 1 year              | 10.54                             | 8.99 | 1.07                          | -    |
| Second year and third year | 7.10                              | 7.14 | 1.43                          | -    |

## 32. DIVIDEND PAYMENT, GENERAL RESERVE AND DIRECTORS' REMUNERATION

- 32.1 On 28 April 2015, the Company's Annual General Meeting of shareholders approved the following resolutions:-

- To pay dividends of Baht 0.85 per share, to the existing shareholders of 120 million shares which was paid on 22 May 2015. The Company will pay dividends from corporate income tax exempted business operations as follows:-
  - To pay dividend from BOI business operations of Kabinburi Project 4 under the Promotional Certificate No. 1627(2)/2554 at Baht 0.30 per share (120 million shares) totaling Baht 36.00 million.
  - To pay dividend from BOI business operations of Lamphun Project 4 under the Promotional Certificate No. 1628(2)/2554 at Baht 0.55 per share (120 million shares) totaling Baht 66.00 million.
- To pay the directors' remuneration not more than Baht 10 million.
- To set aside net profit for general reserve of Baht 11 million.

- 32.2 On 22 April 2014, the Company's Annual General Meeting of shareholders approved the following resolutions:-

- To pay dividends of Baht 0.95 per share, to the existing shareholders of 120 million shares which was paid on 16 May 2014 as follows:-

- To pay dividend from BOI business operations of Kabinburi Project 4 under the Promotional Certificate No. 1627(2)/2554 at Baht 0.18 per share (120 million shares) totaling Baht 21.60 million.
- To pay dividend from BOI business operations of Lamphun Project 4 under the Promotional Certificate No. 1628(2)/2554 at Baht 0.53 per share (120 million shares) totaling Baht 63.60 million.
- To pay dividend from Non - BOI business operations at Baht 0.24 per share (120 million shares) totaling Baht 28.80 million, the amount of which corporate income tax was paid at 30 per cent.
- To pay the directors' remuneration not more than Baht 10 million.
- To set aside net profit for general reserve of Baht 11 million.

### 33. FINANCIAL INSTRUMENTS

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

#### 33.1 Accounting policies and procedure

See Note 4.

#### 33.2 Credit risk

Credit risk refers to the risk that accounts receivable will default on its contractual obligations resulting in a financial loss to the Company.

The Company has concentration of risks as most of trade accounts receivable are related companies (note 5). However, the said customers have been associated continuously for many years and maintained good payment capability.

For other customers, the management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

As at the statements of financial position date there was no other significant credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

#### 33.3 Interest rate risk

Interest rate risk arises from the potential of a change in interest rates to have an effect on the operation of the Company in the current reporting period and in future years. The Group is confident that the risk can be managed because the Group has maintained plans and monitor the market situation closely.

Furthermore the Group has invested in debt securities, interest risk are depended on the fluctuation of prices of the debt securities due to the changes of interest rates. If the interest rate increased, the price of debt securities will be decreased and if the market interest rate decreased, the price of debt securities will increase.

#### 33.4 Risk from currency exchange

The Group's risk from the fluctuation of foreign exchange rates, from debtors and creditors from the trading in foreign currencies. The Group will make forward exchange contract, in case the Baht currency is highly fluctuated and it is considered appropriate.

## 33.4.1 Selling forward exchange contracts

The Group has entered into exchange forward contracts with a local commercial bank to hedge against risk in exchange rate fluctuation which might affect the Baht currency receivable from export trade accounts receivable which having the term not over one year which can be summarized as follows:-

As of 31 December 2015 :-

| Foreign currency | Consolidated financial statements |                              |   | Separate financial statements |                              |   |
|------------------|-----------------------------------|------------------------------|---|-------------------------------|------------------------------|---|
|                  | Amount (Million)                  | Delivery will be made during | Exchange rates on delivery date (Currencies exchange to Baht) | Amount (Million)              | Delivery will be made during | Exchange rates on delivery date (Currencies exchange to Baht) |
| USD              | 0.28                              | Mar. - Jun. 16               | 36.15 - 36.49   | 0.28                          | Jun. 16                      | 36.15 - 36.27   |
| JPY              | 90.72                             | Jan. - Jun. 16               | 0.27 - 0.30   | 73.79                         | Jun. 16                      | 0.30  |
| EUR              | 0.23                              | Jun. 16                      | 39.13 - 39.60   | 0.23                          | Jun. 16                      | 39.13 - 39.60   |

As of 31 December 2014 :-

| Foreign currency | Consolidated financial statements |                              |   | Separate financial statements |                              |   |
|------------------|-----------------------------------|------------------------------|---|-------------------------------|------------------------------|---|
|                  | Amount (Million)                  | Delivery will be made during | Exchange rates on delivery date (Currencies exchange to Baht) | Amount (Million)              | Delivery will be made during | Exchange rates on delivery date (Currencies exchange to Baht) |
| USD              | 0.58                              | Mar. - Jun. 15               | 32.15 - 33.22   | 0.50                          | Mar. - Jun. 15               | 32.43 - 33.22   |
| JPY              | 18.77                             | Mar. - Jun. 15               | 0.28 - 0.31   | 1.08                          | Jun. 15                      | 0.28  |
| EUR              | 0.33                              | Jun. 15                      | 41.30 - 41.55   | 0.33                          | Jun. 15                      | 41.30 - 41.55   |

## 33.4.2 Uncovered transactions

As of 31 December 2015 and 2014, the Group has outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging transaction as follows :-

(UNIT : MILLION)

|                    | Consolidated financial statements |       |                   |       | Separate financial statements |       |                   |       |
|--------------------|-----------------------------------|-------|-------------------|-------|-------------------------------|-------|-------------------|-------|
|                    | Foreign currencies                |       | Converted to Baht |       | Foreign currencies            |       | Converted to Baht |       |
|                    | 2015                              | 2014  | 2015              | 2014  | 2015                          | 2014  | 2015              | 2014  |
| <b>Assets</b>      |                                   |       |                   |       |                               |       |                   |       |
| USD                | 1.61                              | 1.67  | 57.88             | 54.91 | 1.55                          | 1.67  | 55.81             | 54.74 |
| EUR                | 0.55                              | 0.01  | 21.33             | 0.21  | 0.55                          | 0.01  | 21.33             | 0.21  |
| JPY                | 3.82                              | 22.37 | 1.13              | 6.07  | -                             | 22.37 | -                 | 6.07  |
| Total              |                                   |       | 80.34             | 61.19 |                               |       | 77.14             | 61.02 |
| <b>Liabilities</b> |                                   |       |                   |       |                               |       |                   |       |
| USD                | 0.80                              | 1.03  | 29.08             | 34.07 | 0.79                          | 1.02  | 28.79             | 33.81 |
| EUR                | 0.27                              | 0.31  | 10.60             | 12.23 | 0.25                          | 0.29  | 10.09             | 11.80 |
| JPY                | 17.35                             | 47.29 | 5.25              | 13.07 | 17.35                         | 39.22 | 5.25              | 10.85 |
| Total              |                                   |       | 44.93             | 59.37 |                               |       | 44.13             | 56.46 |

### 33.5 Fair values of financial instruments

The Group uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

The following methods and assumptions were used by the Group in estimating fair value of financial instruments as disclosed herein:

- Investments in mutual funds have been categorized as a Level 2, the fair value is determined from their net asset value (NAV) at the measurement date of investment.
- Investments in marketable securities have been categorized as a Level 1, the fair value is based on quoted market price.
- Investments in debt securities have been categorized as a Level 2, the fair value is determined by using the yield curve as announced by the Thai Bond Market Association at the measurement date of investment.
- Investment property
  - The fair value measurement of land has been categorized as a Level 2, the fair value is based on the comparison approach to the valuation technique used.
  - The fair value measurement of building has been categorized as a Level 2, the fair value is based on the cost approach to the valuation technique used.

### 34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the Company's board of directors on 25 February 2016.



## Management Discussion and Analysis

### 1) Performance of the Company and Subsidiaries (together referred to as “the Group”)

#### 1.1) Performance Analysis

In 2015, the Group generated a total of Baht 2,227.74 million in revenues, a decrease of 4.54 percent from 2014. Net profits from operations amounted to Baht 173.20 million, a decrease of 16.78 percent from 2014. This change was due to both of domestic and global economic slowdown as well as Baht appreciation compared to EURO and JPY in the first half of the year. While drought problem, low price of agricultural products and high level of household debts result in shrinking of consumer purchasing power and rise more cautious to spend as well.

Nevertheless management has continuously and closely followed situations of sales, marketing, economy, society and politics to adapt company's strategy to accord with changing of situations and also to ensure good corporate governance, including effective risk management and internal audit.

Domestic sales: In 2015, sales revenue amounted to Baht 1,378.06 million, a decrease of Baht 47.68 million from 2014 or 3.34 percent. This was due to a decrease in sales volume resulted from economic slowdown and our customer's changing of its inventory management policy. The Group has plans to cooperate with our customers (distributor company) to intensively conduct market survey and consumer behavior research in order to create new product innovations to meet the customer's need as well as improve supply chain efficiency.

Oversea Sales: In 2015, sales revenue amounted to Baht 697.29 million, a decrease of Baht 49.64 million or 6.65 percent from 2014. This was due to a decrease in sales volume resulted from economic slowdown in the country of trading partners. Moreover, due to Baht appreciation compared to the JPY and EURO, sales revenue declined partly from exchange rate. The Group determine to maintain existing customer base and expand to the new market in Asean Economic Community (AEC) by using proactive marketing such as Exhibition to show the potential in production focusing on quality and satisfied service. Our group has also been concerned about the effect of exchange rate risk, which has been mitigated by using financial instruments.

Unit : million Baht

| Consolidated Financial Statement | 2015     |        | 2014     |        | Change                 |        |
|----------------------------------|----------|--------|----------|--------|------------------------|--------|
| Sales Revenue                    | Amount   | %      | Amount   | %      | Increase<br>(Decrease) | %      |
| Domestic                         | 1,378.06 | 66.40  | 1425.74  | 65.62  | (47.68)                | (3.34) |
| Foreign                          | 697.29   | 33.60  | 746.93   | 34.38  | (49.64)                | (6.65) |
| Total Sales Revenue              | 2,075.35 | 100.00 | 2,172.67 | 100.00 | (97.32)                | (4.48) |

#### 1.2) Performance for the Completed Period

##### Total Revenue

The Group generated total revenues of Baht 2,227.74 million in 2015, a decrease of Baht 105.84 million or 4.54 percent from 2014 due to a decline in sales revenue as table below.

Unit : million Baht

| Consolidated Financial Statement | 2015     |        | 2014     |        | Change                 |        |
|----------------------------------|----------|--------|----------|--------|------------------------|--------|
| Source of Revenue                | Amount   | %      | Amount   | %      | Increase<br>(Decrease) | %      |
| - Sales                          | 2,075.35 | 93.16  | 2,172.67 | 93.10  | (97.32)                | (4.48) |
| - Others                         | 152.39   | 6.84   | 160.91   | 6.90   | (8.52)                 | (5.29) |
| Total Revenue                    | 2,227.74 | 100.00 | 2,333.58 | 100.00 | (105.84)               | (4.54) |

## Sales revenue

The Group generated sales revenues amounted to Baht 2,075.35 million in 2015, a decrease of Baht 97.32 million or 4.48 percent from 2014 due to as mentioned above.

## Other revenues

The Group generated other revenues amounted to Baht 152.39 million in 2015, a decrease of Baht 8.52 million or 5.29 percent from 2014 due to a lower royalty income amounted to Baht 24.10 million, because of non-renewal of trademark license to the sub-licensee. Dividend income increased amounted to Baht 7.22 million due to receiving the interim dividend from a related company. Other Revenues increased amounted to Baht 19.29 million from a lower ARROW royalty expenses of Baht 11.23 million (one-time item) as well as a higher laundry business income of Baht 5 million. Moreover, in 2014 there was an evaluating the retirement benefit obligation item, which resulting in non-operating profit amounted to Baht 11.67 million.

## Costs of goods sold and Selling and Administration Expenses

Unit : million Baht

| Consolidated<br>Financial Statement          | 2015     |        | 2014     |        | Change                 |         |
|--|----------|--------|----------|--------|------------------------|---------|
|  | Amount   | %      | Amount   | %      | Increase<br>(Decrease) | %       |
| Sales Revenue                                | 2,075.35 | 100.00 | 2,172.67 | 100.00 | (97.32)                | (4.48)  |
| Costs of goods sold                          | 1,504.14 | 72.48  | 1,553.40 | 71.50  | (49.26)                | (3.17)  |
| Total Selling and Administration<br>Expenses | 544.57   | 26.24  | 572.98   | 26.37  | (28.41)                | (4.96)  |
| - Sales Expenses                             | 108.92   | 5.25   | 98.27    | 4.52   | 10.65                  | 10.84   |
| - Administration Expenses                    | 380.69   | 18.34  | 372.26   | 17.13  | 8.43                   | 2.26    |
| - Royalties                                  | 48.22    | 2.32   | 95.19    | 4.38   | (46.97)                | (49.34) |
| - Directors' Remuneration                    | 6.74     | 0.32   | 7.26     | 0.33   | (0.52)                 | (7.16)  |

**Costs of goods sold** The Group's proportion of sales cost to sales revenue in 2015 was 72.48 percent, compared to 71.50 percent in 2014 due to a decrease in production and a higher pricing promotion. Although the Group has emphasized on controlling of production cost and improving production efficiency, the Group also maintain quality of product pertaining to the customer's need.

## Selling and Administrative Expenses

Selling and administrative expenses were Baht 544.47 million in 2015, a decrease of Baht 28.41 million or 4.96 percent from 2014 due to lower royalty expenses amounted to Baht 46.97 million. Noted that I.C.C. International Public Company Limited, a company of Saha Group, has become the representative to use an ARROW trademark (as a Licensee) since January 1, 2015, while Thanulux is now operating as manufacturer. Selling expenses increased amounted to Baht 10.65 million mainly from higher promotion expenses through distributors aiming to maintain sales target as well as higher expenses in order to improve transportation efficiency. Administration expenses increased amounted to Baht 8.43 million due mostly to higher employee expenses, 40 - year Thanulux anniversary and expenses related to leasehold right of retail stores.

# Financial Position and Operating Results

## Profit

Unit : million Baht

| Consolidated<br>Financial Statement | 2015     |        | 2014     |        | Change                 |         |
|-------------------------------------|----------|--------|----------|--------|------------------------|---------|
|                                     | Amount   | %      | Amount   | %      | Increase<br>(Decrease) | %       |
| Sales Revenue                       | 2,075.35 | 93.16  | 2,172.67 | 93.10  | (97.32)                | (4.48)  |
| Other Revenues                      | 152.39   | 6.84   | 160.91   | 6.90   | (8.52)                 | (5.29)  |
| Total Revenues                      | 2,227.74 | 100.00 | 2,333.58 | 100.00 | (105.84)               | (4.54)  |
| Costs of goods sold                 | 1,504.14 | *72.48 | 1,553.40 | *71.50 | (49.26)                | (3.17)  |
| Gross Profit                        | 571.21   | *27.52 | 619.27   | *28.50 | (48.06)                | (7.76)  |
| Sales and Administrative Expenses   | 544.57   | 24.45  | 572.98   | 24.55  | (28.41)                | (4.96)  |
| Operating Profit                    | 26.64    | *1.28  | 46.29    | *2.13  | (19.65)                | (42.45) |
| Income Tax Expense                  | 6.82     | 0.31   | 3.16     | 0.14   | 3.66                   | 115.82  |
| Earnings on Company Equity          | 173.20   | 7.77   | 208.11   | 8.92   | (34.91)                | (16.78) |

### \* Proportional to Sales Revenue

#### Gross Profit

The Group's gross profit in 2015 was Baht 571.21 million, a decrease of Baht 48.06 million or 7.76 percent from 2014 due to a decrease in sale volume, Baht appreciation and prices promotion expenses. All of these resulted to lower gross profit margin.

#### Operating Profit

The Group's operating profit in 2015 was Baht 26.64 million, a decrease Baht 19.65 million or 42.45 percent from 2014 due to decreasing of selling and administrative expenses. However, the said amount is still lower than the reduction of gross profit.

#### Earnings on Company Equity

The Group's earnings on the company equity in 2015 was Baht 173.20 million, a decrease of Baht 34.91 million or 16.78 percent from 2014 due to the lower operating profit and others revenue as well as higher impairment of investments. Net profit margin, Return on equity and Return on asset were 7.77, 5.24 and 4.42 percent, respectively.

#### Return on Equity

Return on equity in 2015 was 5.24 percent, compared to 6.47 percent in 2014 pursuant to decline in profit. With regard to dividend policy, dividend shall be regularly paid to shareholders at Baht 0.20 per share or equivalent to 20 percent of par value. However, dividend payment is mainly subject to the current operating results and economic conditions. Dividend shall be calculated and paid from the Company's net profit earning and retained earnings. In 2015, The Company' net profit was Baht 190.05 million and Earnings per share was Baht 1.58 per share. Therefore, the Board of Directors Meeting No. 2/2016 on 3rd March 2016, has resolved to propose to the Shareholders' General Meeting which will be held on 26<sup>th</sup> April 2016 to approve the payment of dividends at the rate of Baht 0.75 per share or totally Baht 90 million, equivalent to 47.36 percent payout ratio. The dividend will be paid from the earnings of the promoted business from BOI that exempted from corporate income tax.

## 2) Financial Standing

### 2.1) Assets

#### Composition of Assets

Table of Consolidated Statement of Financial Position as at 31 December

Unit : million Baht

| StatStatement of Financial Position | 2015            |               | 2014            |               | Change:<br>Increase<br>(Decrease) |
|-------------------------------------|-----------------|---------------|-----------------|---------------|-----------------------------------|
|                                     | Amount          | %             | Amount          | %             |                                   |
| Cash and Cash Equivalents           | 38.90           | 1.00          | 110.51          | 2.81          | (71.61)                           |
| Short-Term Investments              | 659.15          | 16.88         | 698.99          | 17.80         | (39.84)                           |
| Trade and Other Receivables         | 342.02          | 8.76          | 365.23          | 9.30          | (23.21)                           |
| Net Inventories                     | 341.30          | 8.74          | 346.70          | 8.83          | (5.40)                            |
| Other Current Assets                | 92.27           | 2.36          | 82.81           | 2.11          | 9.46                              |
| <b>Total Current Assets</b>         | <b>1,473.65</b> | <b>37.75</b>  | <b>1,604.24</b> | <b>40.85</b>  | <b>(130.59)</b>                   |
| Long-Term Investments               | 1,893.29        | 48.49         | 1,786.20        | 45.48         | 107.09                            |
| Net property, plant and Equipment   | 402.27          | 10.30         | 411.98          | 10.49         | (9.71)                            |
| Other Non-Current Assets            | 134.95          | 3.46          | 124.71          | 3.18          | 10.24                             |
| <b>Total Assets</b>                 | <b>3,904.16</b> | <b>100.00</b> | <b>3,927.13</b> | <b>100.00</b> | <b>(22.97)</b>                    |

Total assets comprised of 37.75% current assets, 48.49% long-term investments, 10.30% property, plant and equipment and 3.46% other non-current assets.

#### Current Assets

As of 31 December 2015, the Group's total current assets were Baht 1,473.65 million, a decrease of Baht 130.59 million from 2014. Decline in cash and short-term investments were mainly from more investment in long-term securities to find higher rate of return and spending in fixed assets aiming to improve selling and production efficiency. The lower trade debtors was in line with a decrease in sales and inventory management in conform with market demand.

#### Non-Current Assets

As of 31 December 2015, the Group's total Non-Current assets were Baht 2,430.51 million, an increase of Baht 107.63 million from 2014, almost came from Long-Term Investments for higher rate of return.

### Asset Quality

#### Trade Debtors

As of 31 December 2015, Trade debtors before deductions for potential bad debts and allowances for sales returns amounted to Baht 337.72 million, a decrease of Baht 21.21 million from 2014. These assets comprised of Baht 207.19 million, or 61.35 percent related company debtors (Baht 245.14 million, or 68.30 percent at End-2014), and Baht 130.54 Million, or 38.65 percent other debtors (Baht 113.79 Million, or 31.70 percent at End-2014).

Related company debtors amounted to Baht 207.19 million, divided into undue debts amounted to Baht 202.08 million, or 97.54 percent (Baht 227.29 million, or 92.72 percent at End-2014), arrears default for a period not more than 3 months amounted to Baht 3.68 million, or 1.78 percent (Baht 15.14 million, or 6.18 percent at End-2014), and arrears default for a period between 3 months to 6 months amounted to Baht 1.42 million, or 0.68 percent (Baht 2.70 million, or 1.10 percent at End-2014) The Group did not meet any risks in debt collection since these debtors are longstanding customers that have continuously conducted trade with the Group over a substantial period with good credit ratings.

Other debtors amounted to Baht 130.54 million was divided into undue debts amounted to Baht 98.98 million, or 75.82 percent (Baht 89.79 million, or 78.91 percent at End-2014), not more than 3 months arrears default amounted to Baht 30.44 million, or 23.32 percent (Baht 21.18 million, or 18.61 percent at End-2014), between 3 months to 6 months arrears default amounted to Baht 0.60 million, or 0.47 percent (Baht 1.67 million, or 1.47 percent at End-2014), and more than 6 months arrears default in the amounted to Baht 0.5 million, or 0.39 percent (Baht 1.15 million, or 1.01 percent at End-2014). The Group may be faced the risk of non-repayment in the amount set aside as an allowance for potential bad debts amounted to Baht 0.5 million. (Baht 1.15 million at End-2014)

### Inventories

Inventories comprised of raw material amounted to Baht 109.48 million, Work in process amounted to Baht 61.77 million, Finished good amounted to Baht 167.73 million, Supplies amounted to Baht 1.60 million, Goods in transit amounted to Baht 0.90 million, the Group reported residual value in financial statements by cost price or net realizable value to be received whichever is lower. For the deteriorated and obsolete goods, the Group considered and reduced their value complying with accounting standard. In addition, the Group consistently keep its inventory balance and match market demand,

### Long-Term Investments (See Notes 12–15 to the Financial Statements for further information), details as below

Available-for-sale Securities: investments in listed securities. These investments are indicated in the Financial Statement at their fair value which is higher than it investment cost amounted to Baht 718.20 million. (Dividend yield on investment cost was 10.69 percent compared to 3.83 percent on fair value).

General Investments: investments in non-listed capital instruments. These investments are stated at cost net of allowances for loss on diminution in value. Dividend yield on investment cost was 2.38 percent.

Investments in Debt Instrument Held to Maturity. These investments are shown at their amortized costs. The debt instruments comprised unsecured and unsubordinated debentures with a credit rating of BBB+ or higher. (Except Toyota Leasing (Thailand) Co. Ltd. and CPALL Public Company Limited's secured and unsubordinated debentures amounted to Baht 55 million) Interests are paid every 3 months and 6 months as from the date of issue. Rate of return on the debentures were between 3.75 – 6.00 percent per annum (3.78 – 5.20 percent per annum in 2014).

Other Long-Term Investments: fixed deposits, a maturity period of over 1 year at strong domestic financial institutions. Interest rates of the fixed deposits were between 3.15 – 3.50 percent per annum (maintained from 2014).

The Group received a return from a long-term investment in 2015, which was higher than the interest rate of fixed deposits at 5 major commercial banks. The Group also benefit from investment in supply chain companies, resulting in stability of raw material. These investments are in accordance with financial management policy of the group

## Property, Plant and Equipment

Land in the Financial Statements constitute assets have been acquired by the Group for over a long period. Their values are indicated at cost prices. Current market prices of such land greatly exceed the values stated in the Financial Statement. Factory and Office Buildings were had improvements and repairs to suit the applications. Machinery and equipment are efficient and technologically advanced. The Group supplied the new machinery that efficient and technologically advanced replaced from the old machinery and also constantly maintain the new machinery. Moreover, useless assets have already been disposed from the accounts by the Group.

## Investment Property

The Group invested in land and building for renting and aiming to gain on selling in the future. The Investment Properties were reported at cost price less accumulated depreciation and was constantly evaluated their fair values complying with accounting standard, which were higher than their accounting value (See Notes 16 to the Financial Statements for further information)

## 2.2) Liquidity

### Cash Flow Composition

The Group's net operating cash flows in 2015 amounted to Baht 128.64 million, a decrease of Baht 92.64 million from 2014. This change was attributable to a decline in operating profit, trade creditor and other creditor.

Net investing cash flows in 2015 amounted to Baht 109.05 million, an increase of Baht 19.24 million from 2014. This change was attributable to investing in mutual funds amounted to Baht 72.70 million, net equity and debt securities (available for sale) amounted to Baht 50.65 million, total increase of Baht 55.08 million from 2014. Investing in debt securities held to maturity amounted to Baht 141.58 million, an increase of Baht 81.58 million from 2014. While fixed deposits decreased by Baht 30 million, general investments Baht 6.13 million decreased Baht 9.98 million, deposits redemption amounted to Baht 138.75 million, an increase of Baht 240.64 million from 2014. And loans to related parties Baht 5 million increased 50.00 million from 2014. Short term loans to other company decrease from previous year Baht 1.76 million. All of these target to find the best financial utilization. Dividend received amounted to Baht 52.95 million, an increase of Baht 7.22 million from 2014. Interest received amounted to Baht 32.50 million, a decrease of Baht 3.83 million from 2014. Moreover, acquiring fixed assets amounted to Baht 39.90 million, an increase of Baht 24.68 million from 2014. Acquiring leasehold right amounted to Baht 11.71 million. Buying License software and software program amounted to Baht 6.21 million, an increase of Baht 5.42 million from 2014 to improve selling and producing efficiency. Proceeds from sale of fixed assets amounted to Baht 0.63 million, a decrease of Baht 0.33 million from 2014.

Cash flow used in financing activities in 2015 amounted to Baht 91.20 million, a decrease of Baht 23.28 million from 2014. This change was attributable to the dividend payment amounted to Baht 102 million, a decrease of Baht 12 million from 2014. Subsidiaries borrowed short-term loans from financial institution amounted to Baht 6 million, an increase of Baht 6.48 million from 2014 including increase of capital in subsidiary by the non-controlling interest amounted to Baht 4.80 million.

The Group's net cash of all activities decreased by Baht 71.60 million. When combined with cash on the beginning date of the accounting period amounted to Baht 110.51 million, the outstanding cash at the end of the period was Baht 38.90 million.

## Financial Position and Operating Results

Comparative Cash Flow Table for 2015-2014

Unit : million Baht

| Consolidated Cash Flow Statement | For the year ended<br>31 December 2015 | For the year ended<br>31 December 2014 | Change: Increase<br>(Decrease) |
|----------------------------------|--|--|--------------------------------|
| Operating Cash Flow              | 128.64                                 | 221.28                                 | (92.64)                        |
| Investment Cash Flow             | (109.05)                               | (89.81)                                | (19.24)                        |
| Financing Cash Flow              | (91.20)                                | (114.48)                               | 23.28                          |
| Net Cash Flow                    | (71.60)                                | 16.99                                  | (88.59)                        |
| Cash at beginning of the year    | 110.51                                 | 93.51                                  | 17.00                          |
| Cash as at 31 December           | 38.90                                  | 110.51                                 | (71.61)                        |

### Liquidity Sufficiency

|  | 2015   | 2014   | 2013   |
|--|--------|--------|--------|
| Liquidity Ratio (times)                      | 5.96   | 5.65   | 6.40   |
| Quick Ratio (times)                          | 4.21   | 4.04   | 4.30   |
| Cash Flow Liquidity Ratio (times)            | 0.48   | 0.84   | 0.91   |
| Cash Increase from Operations (million Baht) | 128.64 | 221.28 | 261.24 |

From the above financial ratios and continual increase of operating cash flows, it is apparent that the Group has sufficient liquidity for its business operations. There is no need to incur debts for business expansion, investments, or dividend payments.

The Company pursues a policy to manage its excess liquidity through investments in securities, capital instruments and/or debt instruments and/or open-ended funds listed in the Stock Exchange of Thailand, which are secure and offer good returns. The Company also invests in businesses which are complementary to its principal business in order to improve competitiveness. Moreover, the Company seeks to repay its trade creditors in short period to obtain benefits from cash discounts.

### Cash cycle

| Inventory                        | 2015 | 2014 | 2013 |
|----------------------------------|------|------|------|
| Average inventory period (days)  | 37   | 36   | 39   |
| Average collection period (days) | 61   | 60   | 63   |
| Average payment period (days)    | 32   | 30   | 29   |
| Cash cycle (days)                | 66   | 66   | 73   |



## Financial Position and Operating Results

Over the past, The Group has closely focused and monitored on sales situation, marketing situation, economic circumstance and other factors that affected to sales and debt collecting.

### 2.3) Significant Investment Expenditures

Office building renovation to enhance working environment, Factory improvement according to the law of health and safety and law of environment, investing in the hi-tech machinery to replace the old machinery to improve production efficiency, Investing in Information system both hardware and software to increase the production and selling efficiency, leasehold right for retail business . All of these investments were financed by internal cash flows.

### 2.4) Source of Fund

Comparative Table of Financial Standing as at 31 December

UUnit : million Baht

| Liabilities and Shareholders' Equity            | 2015            | %             | 2014            | %             | Change:<br>Increase<br>(Decrease) |
|---|-----------------|---------------|-----------------|---------------|-----------------------------------|
| Trade and Other Payables                        | 231.75          | 5.94          | 274.18          | 6.98          | (42.43)                           |
| Total Current Liabilities                       | 247.21          | 6.33          | 283.74          | 7.23          | (36.53)                           |
| Retirement Benefit Obligation                   | 178.53          | 4.57          | 175.29          | 4.46          | 3.24                              |
| Deferred Tax Liabilities                        | 148.88          | 3.81          | 159.99          | 4.07          | (11.11)                           |
| Total Non-Current Liabilities                   | 328.68          | 8.42          | 336.62          | 8.57          | (7.94)                            |
| <b>Total Liabilities</b>                        | <b>575.89</b>   | <b>14.75</b>  | <b>620.35</b>   | <b>15.80</b>  | <b>(44.46)</b>                    |
| Issued and Fully Paid-Up Capital                | 120.00          | 3.07          | 120.00          | 3.06          | 0.00                              |
| Premium on Ordinary Shares                      | 181.13          | 4.64          | 181.13          | 4.61          | 0.00                              |
| Other Components of Equity                      | 578.71          | 14.82         | 626.96          | 15.96         | (48.25)                           |
| Allocated Retained Earnings                     | 199.20          | 5.10          | 188.20          | 4.79          | 11.00                             |
| Unallocated Retained Earnings                   | 2,239.21        | 57.35         | 2,179.01        | 55.49         | 60.20                             |
| <b>Company Equity</b>                           | <b>3,318.24</b> | <b>84.99</b>  | <b>3,295.29</b> | <b>83.91</b>  | <b>22.95</b>                      |
| Non-Controlling Interests                       | 10.03           | 0.26          | 11.48           | 0.29          | (1.45)                            |
| <b>Total Liability and Shareholders' Equity</b> | <b>3,904.16</b> | <b>100.00</b> | <b>3,927.13</b> | <b>100.00</b> | <b>(22.97)</b>                    |

The group's capital for operation and investment has been mainly from internal source of funds.

### Capital Structure

Capital Structure comprised of debt and equity amounted to Baht 575.89 million and Baht 3,318.24 million, respectively. Non-controlling interests amounted to Baht 10.03 million. The Group debt to equity ratio was 0.17 times, which is close to 0.19 times in 2014. This showed that the Group has been able to maintain a solid financial structure.

### Liabilities

As of 31 December 2015, the Group's total liabilities amounted to Baht 575.89 million, a decrease of Baht 44.46 million from 2014. The decrease was from lower royalty fees and bonus expenses in line with weak economy and sales drop. Trade creditors decreased from controlling purchasing raw materials and ordering production to correspond with the market demand. In addition, deferred tax liabilities decreased from revaluation of available-for-sale securities pursuant to market conditions.

### Equity

As of 31 December 2015, the Company's equity value was Baht 3,318.24 million, an increase of Baht 22.95 million or 0.70 percent from 2014. This is because net operating profit amounted to Baht 173.20 million, dividend paid for 2014 operation amounted to Baht 102 million, unrealized loss from revaluation of available-for-sale securities amounted to Baht 47.52 million and loss from changing the proportion of investment in a subsidiary amounted to Baht 0.73 million. Totally, the company's book value per share at end of 2015 was Baht 27.65, an increase of Baht 0.19 from 2014 (Baht 27.46 at end of 2014)

### Commitment and Contingent Liabilities

Detail as per Notes to the Financial Statement Item No. 31.

### Factors or situations maybe will affect to the company's business operation and financial performance

- 1) Weak domestic economy cause of consumers rising more cautious to spend.
- 2) Variance in exchange rate of partner countries maybe affect to the group's sales and profit.
- 3) Minimum wage hike significantly boost the Company's production costs up due to the labor intensive nature of industry.

## Synopsis of Operations of the Company and Subsidiaries

(UNIT:THOUSAND BAHT)

| Selected Data  | 2015      | %      | 2014      | %      | 2013      | %      |
|--|-----------|--------|-----------|--------|-----------|--------|
| <b>STATEMENTS OF COMPREHENSIVE INCOME</b>                            |           |        |           |        |           |        |
| Revenue from sales   | 2,075,351 | 93.16  | 2,172,675 | 93.10  | 2,304,800 | 93.58  |
| Other incomes  | 152,387   | 6.84   | 160,906   | 6.90   | 158,031   | 6.42   |
| Total revenues   | 2,227,738 | 100.00 | 2,333,581 | 100.00 | 2,462,831 | 100.00 |
| Cost of sales  | 1,504,139 | *72.48 | 1,553,401 | *71.50 | 1,683,958 | *73.06 |
| Selling and administrative expenses                                  | 544,571   | 24.45  | 572,977   | 24.55  | 565,300   | 22.95  |
| Total expenses   | 2,054,697 | 92.23  | 2,125,869 | 91.10  | 2,249,043 | 91.32  |
| EBITDA   | 228,553   | 10.26  | 262,771   | 11.26  | 271,450   | 11.02  |
| Depreciation and amortization  | 55,397    | 2.49   | 55,050    | 2.36   | 57,636    | 2.34   |
| Profit before finance costs and corporate income tax                 | 173,156   | 7.77   | 207,721   | 8.90   | 213,814   | 8.68   |
| Net profit for the year attributable to owners of the parent company | 173,195   | 7.77   | 208,108   | 8.92   | 207,261   | 8.42   |
| <b>STATEMENTS OF CASH FLOWS</b>                                      |           |        |           |        |           |        |
| Net cash received from operating activities                          | 128,641   | 5.77   | 221,280   | 9.48   | 261,243   | 10.61  |
| Net cash used in investing activities                                | (109,045) | (4.89) | (89,809)  | (3.85) | (173,370) | (7.04) |
| Net cash used in financing activities                                | (91,200)  | (4.09) | (114,477) | (4.91) | (143,997) | (5.85) |
| Cash and cash equivalent increase (decrease)-net                     | (71,604)  | (3.21) | 16,994    | 0.73   | (56,124)  | (2.28) |
| <b>STATEMENTS OF FINANCIAL POSITION</b>                              |           |        |           |        |           |        |
| Cash and cash equivalents  | 38,903    | 0.99   | 110,507   | 2.81   | 93,513    | 2.51   |
| Short - term investments   | 659,152   | 16.88  | 698,987   | 17.80  | 617,091   | 16.58  |
| Trade and other receivables  | 342,021   | 8.76   | 365,233   | 9.30   | 365,600   | 9.82   |
| Inventories - net  | 341,304   | 8.74   | 346,705   | 8.83   | 345,538   | 9.29   |
| Total current assets   | 1,473,648 | 37.75  | 1,604,240 | 40.85  | 1,553,657 | 41.75  |
| Long - term investments  | 1,893,288 | 48.49  | 1,786,196 | 45.48  | 1,595,431 | 42.87  |
| Property,plant and equipment - net                                   | 402,276   | 10.30  | 411,975   | 10.49  | 447,770   | 12.03  |
| TOTAL ASSETS   | 3,904,161 | 100.00 | 3,927,126 | 100.00 | 3,721,345 | 100.00 |
| Trade and other payables   | 231,755   | 5.94   | 274,183   | 6.98   | 234,655   | 6.31   |
| Total current liabilities  | 247,209   | 6.33   | 283,736   | 7.23   | 242,813   | 6.52   |
| Retirement benefit obligation  | 178,530   | 4.57   | 175,293   | 4.46   | 177,555   | 4.77   |
| Deferred tax liabilities   | 148,881   | 3.81   | 159,991   | 4.07   | 145,081   | 3.90   |
| Total non - current liabilities                                      | 328,677   | 8.42   | 336,618   | 8.57   | 323,684   | 8.70   |
| TOTAL LIABILITIES  | 575,886   | 14.75  | 620,354   | 15.80  | 566,497   | 15.22  |
| Registered share capital   | 120,000   | 3.07   | 120,000   | 3.06   | 120,000   | 3.22   |
| Issued and paid - up share capital                                   | 120,000   | 3.07   | 120,000   | 3.06   | 120,000   | 3.22   |
| Premium on ordinary shares   | 181,125   | 4.64   | 181,125   | 4.61   | 181,125   | 4.87   |
| Other components of equity   | 578,713   | 14.82  | 626,958   | 15.96  | 565,858   | 15.21  |
| Appropriated retained earnings                                       | 199,200   | 5.10   | 188,200   | 4.79   | 177,200   | 4.76   |
| Unappropriated retained earnings                                     | 2,239,206 | 57.35  | 2,179,011 | 55.49  | 2,095,903 | 56.32  |
| EQUITY ATTRIBUTABLE TO PARENT COMPANY                                | 3,318,244 | 84.99  | 3,295,294 | 83.91  | 3,140,087 | 84.38  |
| Non - controlling interests  | 10,031    | 0.26   | 11,477    | 0.29   | 14,761    | 0.40   |

Notes : \* cost of sales / sales

EBITDA = Earning before interest, corporate income tax, depreciation and amortization

## Financial Ratios

Thanulux Plc. and Subsidiaries

| Description                                   | 2015     | 2014      | 2013      |
|---|----------|-----------|-----------|
| <b>Liquidity Ratios</b>                       |          |           |           |
| Current Ratio (times)                         | 5.96     | 5.65      | 6.40      |
| Quick Ratio (times)                           | 4.21     | 4.04      | 4.30      |
| Liquidity of Cash Flow from Operation (times) | 0.48     | 0.84      | 0.91      |
| Account Receivable Turnover (times)           | 5.96     | 6.02      | 5.69      |
| Average Collection Period (days)              | 61       | 60        | 63        |
| Inventory Turnover (times)                    | 9.63     | 9.87      | 9.14      |
| Average Inventory Turnover Period (days)      | 37       | 36        | 39        |
| Account Payable Turnover (times)              | 11.32    | 12.03     | 12.36     |
| Average Payment Period (days)                 | 32       | 30        | 29        |
| Cash Cycle (days)                             | 66       | 66        | 73        |
| <b>Profitability Ratios (%)</b>               |          |           |           |
| Gross Profit Margin                           | 27.52    | 28.50     | 26.94     |
| Operating Profit Margin                       | 1.28     | 2.13      | 2.41      |
| Non — Operating Income                        | 6.84     | 6.90      | 6.42      |
| Operating cash flows to operating profit      | 482.87   | 477.95    | 470.35    |
| Net Profit Margin                             | 7.77     | 8.92      | 8.42      |
| Return on Equity                              | 5.24     | 6.47      | 6.51      |
| <b>Efficiency Ratios</b>                      |          |           |           |
| Return on Total Assets (%)                    | 4.42     | 5.44      | 5.42      |
| Return on Fix Assets (%)                      | 52.24    | 57.87     | 54.16     |
| Total Assets Turnover (times)                 | 0.57     | 0.61      | 0.64      |
| <b>Financial Policy Ratios</b>                |          |           |           |
| Debt-Equity Ratio (times)                     | 0.17     | 0.19      | 0.18      |
| Time Interest Earned (times)                  | 1,172.30 | 26,390.44 | 10,936.88 |
| Leverage Ratio (cash basis) (times)           | 0.33     | 0.74      | 0.84      |
| Dividend Payout (%)                           | 51.96    | 49.01     | 55.00     |



# รายงานความรับผิดชอบต่อสังคม Corporate Social Responsibility Report



บริษัท ธานีลักษณ์ จำกัด (มหาชน)  
THANULUX PUBLIC COMPANY LIMITED



## Message from the Managing Director

In pursuance of a determination to achieve continual business growth with due regard to the care of society and the environment in line with the Company's mission, a working group has been established and entrusted with social responsibilities. This working group consists of representatives from all key operational units in the Company. The working group supports, promotes, monitors and ensures that concepts and operational frameworks with regard to social responsibility are implemented continually and responds to the needs of all stakeholders in a balanced manner in accordance with the set objectives. In the past year, the Company undertook numerous activities, as follows:

As regards communities, the Company participated in the CSR-DIW scheme in collaboration with the Department of Industrial Works, Ministry of Industry. Under this scheme, the Company engaged in exchanges with the internal community, i.e. employees, and the community in the plant's vicinity. The needs of members of communities were accounted for in various improvements to operational systems, e.g. the formulation of a contingency plan for emergencies in order to minimize environmental impact to the plant's vicinity. In addition, activities were held to promote a harmonious coexistence between the community and plant.

The Company attaches significance to manpower. Personnel competencies have been developed by giving employees opportunities to acquire knowledge and enhance skills such as through training by internal and external experts in various fields, coaching by supervisors, and on-the-job skill development. Employees were also presented with opportunities to participate in several activities to brighten smiles and foster happiness throughout the entire organisation.

As regards social activities in 2015, the past year was regarded as a year of celebration for the 40th anniversary. Hence, the Company organised several activities to aid society in terms of human resources and assets, e.g. donations to Phradabos Foundation, Dr. Thiem Chokwatana Foundation, Wat Phra Bat Nam Pu, educational scholarships and equipment, refurbishment of the interior of classrooms for small children at Wat Chongnonthri School under the "Creative Fun" Project, and donations of medical equipment to Lerdsin Hospital.

Concerning the environment, due to global warming caused by the continual emission of greenhouse gases leading to catastrophic climate change, the Company appreciates the significance of the issue. As a consequence, the Company has applied the ISO 14001 standard to operations in line with sustainable development guidelines for the entire supply chain. In the past year, the manufacturing plant of Thanulux Public Company Limited, Kabinburi Branch, attained the Green Industry Level 2 Certificate for the category pertaining to activities to reduce environmental impact in accordance with set targets.

Apart from the abovementioned, the Company attaches importance to consumers and sustainable development. This belief manifests in the Company's goods and services. The Company is committed to developing innovations, which is embedded in the Company's vision, in order to secure consumer confidence of value for money and acceptance.

On behalf of Thanulux Public Company Limited, I would like to thank all stakeholders for the continual and longstanding support extended to the Company. I am confident that the cooperation from all sectors combined with the determination to conduct businesses responsibly with due regard to society and the environment will return sustainable happiness to communities and the society for an indeterminable period.



Mr. Supotch Pakaworawuth  
Managing Director

## Background and Reasons

Corporate Social Responsibility is currently recognized from many industries in Thailand as one of the business operations which requests all businesses to be responsible for not only stakeholders or employees but also other parts in business areas. Due to the increase of business conducting CSR activities for the society in past 4-5 years, it points that the future business operations tend to be more undertaken with social responsibilities and developments. Hence, Thanulux Public Company Limited has continuously developed and conducted CSR activities for societies and communities, resulting in various categories of the Company's CSR management. The main 7 principles of CSR management are as follows;

1. Accountability Principle
2. Transparency Principle
3. Ethical Behavior Principle
4. Respect for stakeholder interests Principle
5. Respect for the Rule of Law Principle
6. Respect for international norms of behavior Principle
7. Respect for human rights Principle

## Reporting Direction

### Reporting Scope

The Selection of social responsibility topic in this report is in line with ten categories of social responsibility directions issued by The Stock Exchange of Thailand. Anyway, there are two topics excluded in this report, the Good Governance, which the Securities and Exchange Commission's requires separate disclosure under. "Corporate Governance" section in the Annual Report of 2015 and reports on Social and Environment which is reveals all social responsibilities issues in this report.

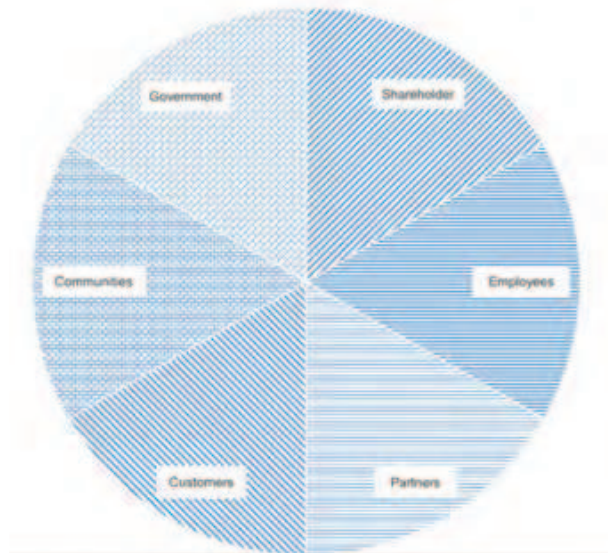
As mentioned, this report will be included of 8 topics as below:

1. Business Ethics
2. Anti-Corruption
3. The Respect of Human Right
4. Fair Treatment of Labor
5. Consumer Responsibility
6. Environment Management
7. Social and Community Management
8. Innovation implementation and dissemination from social and environment responsibilities and stakeholders



## Participation to Stakeholders

The Company emphasizes with the participation of every internal and external stakeholder group through many channels. Then, the Company brings their expectations to be analyzed and administered as follows;



| Stakeholder  | Expectations   | Guidelines  | Outcome   |
|--------------|--|---|---|
| 1. Employees | <ul style="list-style-type: none"> <li>Welfare benefits and remunerations</li> <li>Security and advancement</li> <li>Knowledge and skill development</li> <li>Quality of life</li> </ul> | <ul style="list-style-type: none"> <li>Reconsidering welfare benefits and remunerations</li> <li>Arranging the activities which create the best relationship in the organization</li> <li>Enhancing the quality of lives of employees through the application of Happy Workplace Principle</li> <li>Applying humanitarian principles and fair labour treatment</li> <li>Granting scholarships to the children of employees</li> <li>Providing the free medical check-up to employees</li> </ul> | <ul style="list-style-type: none"> <li>Receiving the award as the outstanding workplace in terms of Labour Relations and Welfare in 2015 from the Director-General of the Department of Labour Protection and Welfare for the third consecutive year</li> <li>Being able to retain knowledgeable and skillful persons with working experiences in the company for a long time</li> <li>Being able to accept employees who are scholarship recipients to intern or work upon completion of studies</li> <li>Employees' participation in recreations held by the Company</li> <li>Better quality of lives of employees</li> </ul> |

| Stakeholder          | Expectations   | Guidelines   | Outcome   |
|----------------------|--|--|---|
| 2. Business Partners | <ul style="list-style-type: none"> <li>Transparency of business operations</li> <li>Consultancy and learning exchange</li> <li>Business partners, service providers and distributors are capable to further amplify social and environment management</li> </ul>   | <ul style="list-style-type: none"> <li>Assessment and selection criteria</li> <li>The expansion of payment channel</li> <li>Being able to financially clear by payment due date</li> <li>Promoting social and environment responsibility policies</li> <li>Promoting anti- corruption policies</li> </ul>  | <ul style="list-style-type: none"> <li>Selection and assessment of suppliers are fair and transparent</li> <li>Mutual learning exchange</li> <li>Co-developing and searching for renewable raw materials which are more competitive and controllably qualitative</li> <li>Gaining trading partners who are responsible for social and environment</li> </ul>  |
| 3. Customers         | <ul style="list-style-type: none"> <li>Satisfaction in the quality of products and services</li> <li>Environmentally-friendly products</li> </ul>  | <ul style="list-style-type: none"> <li>ISO 9001 Quality Management</li> <li>Satisfaction assessment</li> <li>Hotline for consumer protection division</li> <li>After-sales services throughout the product's expiration date</li> </ul>  | <ul style="list-style-type: none"> <li>The long-lasting trust from customers in product manufacturing process</li> <li>Customer satisfaction in quality of products and services by over 90% from a customer satisfaction survey under ISO 9001 in 2015</li> </ul>  |
| 4. Community         | <ul style="list-style-type: none"> <li>Occupation Encouragement and income generation for members in communities</li> <li>Social and environment sustainability around communities</li> <li>Community activity sponsorship</li> <li>Development of children and youth who are studying at the school in communities</li> </ul> | <ul style="list-style-type: none"> <li>Arranging ISO 14001 Environmental Management System</li> <li>Renovation of learning space of kindergarten at Wat Chong Nonsi School</li> <li>The project of umbrella distribution to shops around the Company</li> <li>Grant of scholarship to educational institution</li> <li>Giving surrounded communities occasional gifts on Children's Day</li> <li>Appliance support and money donation to retirement communities</li> <li>Activity arrangement between Wat Phrabat Nam Phu and communities</li> </ul> | <ul style="list-style-type: none"> <li>Better surroundings around the Company</li> <li>Being more intimate with communities</li> <li>Better recognition from communities towards The Company</li> <li>Children's classrooms with the quality of environments which are appropriate for learning</li> <li>Children's enthusiasm in learning</li> <li>Enhancing the relationship between the Company and schools</li> </ul> |

# Corporate Social Responsibility Report

| Stakeholder          | Expectations  | Guidelines  | Outcome   |
|----------------------|---|---|---|
|                      |   | <ul style="list-style-type: none"> <li>The decrease of cost of living in communities</li> <li>Participating in the project concerning with strengthening its industrial potentials, environmental development and sustainable social responsibility organized by the Department of Industrial Work.</li> <li>Communicating with surrounded communities</li> </ul>   |   |
| 5. Government Sector | <ul style="list-style-type: none"> <li>Fair and transparent liaison</li> <li>Consultancy and learning exchange</li> <li>Tax privileges</li> </ul>             | <ul style="list-style-type: none"> <li>Submitting the complete report within the due date as per the law specifications</li> <li>Tax and fee payment in accordance with the rate specified by law</li> </ul>  | <ul style="list-style-type: none"> <li>Lawful and appropriate operations</li> <li>Transparent business operation</li> <li>Ability to build good relationship with the government sector</li> <li>Acquisition of tax privileges</li> </ul>   |
| 6. Shareholder       | <ul style="list-style-type: none"> <li>Return on investment and growth of organization</li> <li>Business operation with transparent accountability</li> </ul> | <ul style="list-style-type: none"> <li>Right to attend shareholders' meetings in order to vote and freely express opinions including making inquiries and suggestions</li> <li>Right to receive a fair return on investment</li> <li>Commitment to business operations pursuant to good corporate governance principles and reliability</li> <li>Sufficient, reliable and timely disclosure of significant information</li> </ul> | <ul style="list-style-type: none"> <li>Ability to make regular dividend payment</li> <li>Acquiring the "very good" assessment in part of corporate governance under the listed company by the 2015 Listed Companies Corporate Governance Survey</li> <li>Receiving an assessment rating "outstanding" for AGM quality of listed companies by the Thai Investors Association for 2015</li> </ul> |

## Socially Responsible Business Operations



The Company received the 2015 CSR-DIW Award of honor on September 09, 2015

Thanulux Public Company Limited undertakes the business of manufacturing finished garments and leather goods for men, women and children. The Company has the policy to operate its business based on Corporate Social Responsibility principle emphasizing on fairness, ethics, honesty, integrity, transparency, the respect of human right and stakeholders' benefits. To encourage employees responsible for the sharing society, the Company not only intends to build and expand good relationship from the acceptance and trust but also makes positive attitudes and organizational cultures. On March 12, 2015, a Memorandum of Understanding of CSR-DIW project was signed by Thanulux Public Company Limited and Department of

Industrial Works (It was conducted under the cost of the development and technology transfer, manufacturing green, eco-friendly and community CSR-DIW) Social Responsibility policies are composed of main seven principles as below;

1. Organizational Governance: The Company has the commitment to manufacture premium products including operating the business in line with the international business management which adds value to Thai society. In order to achieve and sustain excellence in moral values as the basis of leading organizations.
2. Human Rights: To support the respect of human right and freedom, the Company emphasizes the basic human rights through the equality, child labor elimination and anti-corruption in every format.
3. Labor Practices: The Company complies with the law and regulation of the employment including seriously adopting the regulations concerning about occupational hygiene and safety of all employees
4. Environment: The Company has the precise policy that is seriously applied in the organization in order to protect and preserve ecology and environment of communities around the Company.
5. Fair Operating Practice: The Company has the commitment to operate the business with fair, ethic, law compliance, social regulation respect and political justice.
6. The Relationship between Customers and Suppliers: The Company aims to provide best services to meet customers' highest satisfaction by sincerely dealing with customer complaints and solving any error occurred when manufacturing or servicing.
7. Community Contribution and Development: The Company will not only consider communities' demands but also be one part to improve the better quality of life of people. The Company also encourages attitudes and organizational cultures to employees so that they will participate in voluntaries and public benefits with communities.

This Social Responsibility policy was effective since April 01, 2015

## 1. Operating Business on Fair Basis

The company recognizes and respects the rights of various groups of stakeholders, such as shareholders, customers, partners, competitors, creditors, employees with regard to legal rights, or an agreement with the company to ensure that these rights are protected and treated fairly and equally by policy and guidelines, such as:

### Policies and practices;

1. Respecting the rights of shareholders and treating them equally and fairly.
2. Manufacture procedure, distribution and service secured to the consumer and the environment.

3. Operating the business with integrity and fairness including avoiding any action that might violate the rights of clients, and taking commercial secret with confidentiality.
4. Having the selection system for the partners in the supply chain which business operations comply with the law, occupational safety and health standards, friendly to the environment, and also compete with them fairly, respect to each other, and kept their information confidential by not available to their own benefit without legal.
5. Complying with the rules of fair competition with regard to business ethics and competition law in various countries that the company has business.
6. Not destroying the reputation of competitors.
7. Treating all groups of creditors equally, fairly and strictly in accordance with the contract or conditions that have been agreed.
8. Treating employees respectfully according to the human dignity and the fundamental rights of working as well as promoting parity in employment by avoiding any discrimination about gender, race, religion, age, disability or even any other status that is not directly related to operations.
9. Not conducting any business that leads to social declination and not violating the rights of others who live in the community and society.
10. Generating revenue and promoting community economy by supporting employment and local products together with establishing the good relationship between the Company, communities and societies based on the integrity, transparency and fair.
11. Operating the business in accordance with laws, regulations, and environmental policies with regard to the impact on natural resources and the environment including having reviewed and evaluated the operation regularly.
12. Creating organizational cultures and consciences to employees in order to encourage the collaboration and responsibility in environmental management and resource sustainability.

## Promotion of Social Responsibility in the Business Chain

Procurement is an important process in the management of cost and product quality for the greatest benefit of the Company. Thus, rules governing the assessment and selection of business partners have been prescribed including examinations and monitors of performances pursuant to an Approved Vendor List system in accordance with ISO 9001 standards. The Company has assessed and selected business partners on an equitable basis, premised on the principle of business security and credibility of the business partner concerned, as well as their ability to meet the demands of the Company. A Vendor List has been formulated to screen vendors who possess the competence to enter into transactions with the Company.

Since established, the Company has never been fined significant or forced the penalty from violating laws and regulations.

## 2. Anti-Corruption

The working philosophy of Dr. Thiem Chokwatana, founder of the Saha Group, focuses on working under the principles of integrity, honesty and fair. These principles have been instilled as Company values, where employees and executive officers are discouraged from committing a dishonest act, give or receive bribes in order to acquire benefits for the Company. These values are stated in the Company's Good Governance Principles, Business Ethics and Employee Code of Conduct to comply with the intents and responsibilities towards society as a whole. The company operates as follows:

1. On 19<sup>th</sup> February 2014, the Board of Directors approved the signing of a Declaration of the Private Sector Collective Action Coalition against Corruption.
2. On 26<sup>th</sup> February 2015 approved an anti-corruption policy which directs the Company to comply with anti-corruption laws and Effective Date 27<sup>th</sup> February 2015.

## Anti-Corruption Policy

1. The company will not be a party to pay bribes. In case of charitable contributions, political contributions as well as offering gifts in a business manner, this must be transparent, explainable and audited.
2. Supporting enhancement of awareness and value for anti-corruption among the company directors, executives and employees to perform duties in accordance with relevant laws, notifications and regulations by preparing such manual for guidelines.
3. The company directors, executives and employees must not act as an intermediary in demanding and accepting gifts or benefits from government sectors or private sector, which induces to violate the laws. Moreover, it is illegal to use positions and/or duties to use the company's data to seek benefits for one or others.
4. Setting the system to report financial status transparently and accurately, providing and efficient and effective internal control system, and controlling check-and-balance system to be appropriate in order to prevent conducting any fraud or taking part in any fraud and corruption.
5. Monitoring and reviewing the anti-corruption policy, guidelines and regulations consistently for operation in order to adjust with business changes, laws and regulations.
6. Opening channel for reporting any suspected activity and ensuring that such reporters receive protection.

## Anti-corruption procedure

In order to comply with the above-mentioned policy, the Board of Directors resolved on 3<sup>rd</sup> March 2016 to approve the following Anti-Corruption Directive:

### 1. Definition and forms of corruption

"Corruption" means

1. Usage of power entrusted by position to obtain benefit for oneself or others.
2. Bribery, regardless of form, whether by offering, promising, giving, acceptance, or demanding for benefit, to persuade any person to act illegally, in contrary with good moral, or undermine trust.

Except those actions permitted or acceptable by law and regulations, rules, social tradition, or commercial practices.

"Political support" means financial support, gift, lending or donation, supplies, advertisement to promote or support political party, event ticket purchasing for the purpose to donate funds or supplies to organization with close relationship with political party, including devotion of employee's working period for benefit of political party or political candidate.

## Forms of corruption

### 1. Political support

- 1.1 The company strongly adheres to the democratic regime of government with the King as Head of State with political neutrality. The company shall not support or conduct any act regarded as a bias to any political party.

1.2 In case of political support to promote democracy, such support shall not be in contrary with law, and shall not be made with expectation of preferential treatment in return. In such case, support shall be made in compliance with company's regulations concerning withdrawal of funds by specifying name of receiver, purpose of support, transaction detail, amount, withdrawal date with related documents attached and send to person in charge with respect to approval authority.

1.3 Employees have freedom to participate in political activities under the provisions of law, but shall not use employment status or the company's properties or equipment for political benefit. Employees should participate with awareness of any act which may lead to misunderstanding that the company is a political partisan or support any political party.

## **2. Charity donation**

whether in the form of financial support or other forms, as part of corporate social responsibility activities to promote and improve the company's reputation and image, without expectation for business benefit in return, shall be in accordance with following guidelines:

2.1 The company shall be aware and ensure that the charity donation is not hidden transaction to avoid bribery. Moreover, it shall be made in transparent manner and in accordance with law.

2.2 Charity donation shall be made in compliance with company's regulations concerning withdrawal of funds by specifying name of donee, purpose of donation with related documents attached, and deliver to HR department to verify and comment before sending to person in charge with respect to approval authority.

## **3. Sponsorship**

To promote the company's business, brand or reputation can be made in many forms such as supporting educational activities, arts, cultures, etc. The guidelines are as described below:

3.1 The company shall be aware and ensure that the sponsorship is not hidden transaction to avoid bribery. Moreover, it shall be made in transparent manner and in accordance with law.

3.2 Sponsorship shall be made in compliance with company's regulations concerning withdrawal of funds by specifying name of receiver, purpose and detail of transaction, amount, withdrawal date, with related documents attached and send for approval with respect to level of authority.

## **4. Gift, gratuity, and entertainment**

shall be made in accordance with the company's business ethics

4.1 Employees may offer/ accept gift, gratuity, or entertainment to/ from any person if such transaction:

(1) is in accordance with company's business ethics, regulations and applicable law.

(2) is made openly in name of the company, not in name of directors, managements, and employees.

(3) is not made in a form of cash or cash equivalent such as gift card or voucher.

(4) is properly made due to time and place such as occasional gift made during festival.

4.2 Employees can accept occasional gift and gratuity with a value not more than 3,000 Baht. Otherwise, such employees shall report to their supervisors accordingly.



## 5. Conflict of Interest

The company shall control transactions made with a person who has conflict of interest in accordance with the principles of good corporate governance, company's business ethics, and notification of the Capital Market Supervisory Board and the Stock Exchange of Thailand.

## 6. Business relationships and procurement with government and private sectors

The company's business operations and communication with government or private sectors shall be made in transparent and straightforward manner in accordance with company's regulations concerning procurement and applicable law, without any bribery in any business transactions.

## 2. Role and responsibilities

- 2.1 Board of Directors are responsible for setting policies and establishing mechanisms that effectively support anti-corruption practices to ensure that working team appreciates the importance of anti-corruption practices and to encourage these practices to become a part of organizational culture.
- 2.2 Audit committee has the duty of reviewing the financial and accounting reports, internal control, internal audit, risk management mechanisms, including potential corruption risks, as well as a duty to ensure that anti-corruption measures are in compliance with international standards, and that they remain appropriate and effective.
- 2.3 Risk management committee has a duty to monitor and promote risk management practices by evaluate the company's risk and corruption risk, including review the sufficiency of risk management and anti-corruption mechanisms, before report to the Board of Directors.
- 2.4 Executive committee and managements have the duty of establishing mechanisms for support and promotion of anti-corruption policy, and communicating those policies to employees and all relevant persons. These duties include the review of related mechanisms and measures to ensure that they are proper and in conformity with changes in business, law, company's rules and regulations, notifications and other measures (if any).

## 3. Practice guidelines

- 3.1 Company shall not conduct any act regarded as bribery or corrupt practice, whether directly or indirectly. Directors, managements and employees shall not overlook or ignore any suspected corrupt practice related with the company that he has witnessed. The witness shall report to the supervisors or person in charge and shall cooperate with the investigation. Questions and enquiries if any shall be made with supervisors or designated person who are responsible for compliance with company's business ethics.
- 3.2 The company shall cooperate and support both government and private sectors to combat corruption or misconduct.
- 3.3 The company will not support or conduct any act regarded as being biased to any political party. In case of political support to promote democracy, such support shall not be in contrary with law, and shall not be given with expectation of preferential treatment in return.
- 3.4 Gift, gratuity, and entertainment shall be permitted only to the extent permitted by law, acceptable with respect to social tradition and commercial practices.
- 3.5 The company requires all directors, managements, and employees to be aware of and comply with the Anti-corruption policy including applicable directives.
- 3.6 Reports and complaints  
Employees or stakeholders who witness, possess evidence or suspect that an employee or a person

acting on behalf of the company involve, whether directly or indirectly, with bribery or corruption, violation of law, non-compliance of the company's rules and regulations including policies or code of conduct for directors, managements, and employees, or unfair treatment in workplace, can report or complaint as detail below:

## 3.6.1 Complaint channels

1. Verbal or correspondence complaints to
  - Internal audit manager, Tel: 0-2295-0911 ext. 168
  - Accounting manager, Tel: 0-2295-0911 ext. 250
  - HR manager, Tel: 0-2295-0911 ext. 286
  - Company secretary, Tel: 0-2295-0911 ext. 323
2. E-mail Address: anticorruption@thanulux.com
3. Suggestion box
4. PO Box.27, Sathupradit post office, Bangkok 10124
5. In case of anonymous whistleblower, detail of facts or sufficient evidence shall be provided to demonstrate that there is an involvement with bribery or corruption.

Relevant information will be strictly kept in confidential, taking into account safety of the whistleblower, unless required to be disclosed by law.

## Complaints in bad faith

If any evidence, complaints, statements, or information is proven to be an act in bad faith, resulting in damages to any person or the company, if the bad faith whistleblower is an employee of the company, he shall be subject to disciplinary action in accordance with the company's regulations and/or legal action. If the bad faith whistleblower who causes damages to the company is a third party, the company reserves the right to take legal action against such person.

## 3.6.2 Conditions and procedures for complaints

1. Complaint or evidence of misconduct must be true, clear and contain sufficient details to initiate investigation.
2. The information received shall be kept strictly confidential. The identity of the whistleblower shall not be disclosed without consent.
3. The whistleblower who reports misconduct in good faith shall be treated properly and fairly whether he is the company's employee or outside third party.
4. Proceedings timeframe depends on the complexity of the case, sufficiency of the evidence and statement received from the whistleblower.
5. Report receiver and investigation participants shall keep relevant information confidential. Information shall be disclosed to the extent necessary with respect to safety of the whistleblower, collaborator, and related persons.

## 3.6.3 Related personnel

1. Whistleblower means a person who files a complaint or report of a suspected misconduct
2. Report receiver means the person described in clause 3.6.1 no.1

## 3.7 Investigation

- 3.7.1 Report receiver shall conduct investigation and examine the facts, or he may assign a reliable person or department to act on his behalf.
- 3.7.2 Report receiver or assigned personnel is authorized to summon an employee to make statement or demand from him documents necessary for investigation.

3.7.3 Report receiver shall report the examined case to top management in order to report to risk management committee, audit committee and Board of Directors respectively.

For the case concluded as misconduct with disciplinary or legal action to be imposed, HR department shall submit a summary report with recommendation to top management for final decision.

The company shall propose proper and fair remedies to the injured person in order to relieve damages incurred as a result of complaints in bad faith.

## 3.8 Protection for whistleblower

The company shall protect the rights of the good faith whistleblower by maintaining the confidentiality of the name, address, or any information that could identify the whistleblower. Such information shall be treated as confidential and accessible only by the person responsible for the case investigation pursuant to the provisions concerning whistleblower protection as described in the code of conduct for directors, managements, and employees.

## 3.9 Protection for employees

The company shall treat and protect employees who comply with Anti-corruption policy and this Directive pursuant to the provisions concerning whistleblower protection as described in the code of conduct for directors, managements, and employees.

## 3.10 Human Resource

The company shall apply Anti-corruption policy as part of human resource management, not only for recruitment but also for training, evaluation, remuneration and promotion. It is mandatory for supervisors at all level to communicate with their subordinates in order to apply with the business activities and to ensure effective compliance.

## 3.11 Training and communication

3.11.1 The company shall regularly provide education and training on anti-corruption through a variety channels such as orientation, seminar, public announcement etc. to raise awareness of Anti-corruption policy, form and risk of being involve in corruption, as well as how to report corruption witnessed or suspected, including penalty in case of violation.

3.11.2 The company shall communicate the Anti-corruption policy to subsidiaries, assoeiated companies, directors, managements, employees, shareholders, customers, business partners, all stakeholders, persons with business relationship and business representatives through appropriate channels.

## 3.12 Recording and storage of data

The company manages its data in compliance with governing policy of its group, with the objective to maintain the standards of work system, computer system, data communication system, as important fundamentals for the development of an effective control system. Actions shall be taken to ensure that information, work system and computer system are well-protected and ready for business operation at all time. In addition, structure and cost of all measures in the company's control are appropriate with risk of data, work system and computer system.

For achievement of the said objective, the following standards and practices shall be applied:

1. Determine scope of responsibility for user and administrator in all work system and computer system.
2. Evaluate risk and develop an appropriate risk controlling system to support changing of environment
3. Develop protection system for data, work system, computer system including responsible person.

4. Develop security system to protect data from illegal access, editing, or misuse regardless of accident or intention.

### 3.13 Process monitoring / Internal control

The company respects independent of the auditor and does not limit the scope of the auditor during performance of audit. The audit is also conducted by a certified public accountant quarterly and yearly in accordance with regulations of the relevant authorities.

The audit committee shall monitor internal control practices to ensure that business activities are operated within correct and appropriate scope, in compliance with company's policies, law and regulations, including applicable business standards.

### 3.14 Penalty

The company shall impose disciplinary action on violators or persons who ignore corrupted practices in accordance with Anti-corruption policy and this procedure. Also, such person is subject to punishment under provisions of law (if applicable).

### The implementation in year 2015 about an anti-corruption

1. The Company is setting the principles in order to control, prevent and follow the risk that can be occurred for the corruption.
2. The company informs employees, subsidiary companies and business partners about anti-corruption policies and guidelines declaring through posters attached all around the Company, its in-house and public website including the business partner notification letter.
3. The Company arranges 3 rounds of employee training to notice about policies and guidelines in June and August 2015.



4. The Company has the anti-corruption curriculum for the new employee orientation.
5. On September 17, 2015, executives and anti-corruption team attended the seminar under the topic of CAC legalization preparation at Saha Pathana Inter-holding Public Company Limited. The seminar was lectured by Mr.Thanakit Permpoonkantisuk from Somboon Group.
6. Informe to partners about the refusal to accept the gifts on New Year Festival 2559

## 3. Respect of human rights

The Company respect for human rights by defining the policies and guidelines as follows:

1. Do not exercise or support any activities that violate to the human rights.
2. Educate the knowledge and understanding of the human rights to employees to apply to be a part of the operation during a duty.

- 3 Do not discriminate with gender, race, religion, age and disability including avoiding comments that might cause a conflict and schism.
4. Provide a communication channel for the employee who is violated or unfairly treated to make a complaint and urge for justified procedures.

In addition, the company has policies and practices to respect for the rights of stakeholders with the Company's business according to the following statuses;

## **Non-Discrimination Policy**

1. Respect to the employees with the human dignity and fundamental rights. The Company will not transmit any personal information of the employees to the third party and unrelated one.
2. The Company has a policy of paying wages and remuneration, improving and training, considering promotion, punishing, laying off and retiring to employees on the basis of fairness and suitability to knowledge, duties, responsibilities and performances.
3. Treat the employees under the law and regulation regarding the operation of the company.
4. The company will not restrain, interfere or take any action that might affect the rights of employees who have no damages towards the company to exercise any activities include nationality belief, religion, gender, disability, ancestor or membership of political parties.
5. The company will communicate non-discrimination policy by include hiring and preserving several privileges to all employee. Hence, employees will have knowledge, good conscious and be able to behave aligned with its policies and practices since their first working day and so on.

## **Guidelines**

- 1) The company gives the equality to employment, training, promotion, laying off or retiring. There is no any discrimination related to, nationality, class, religion, disability, gender, race, sexuality and membership of political parties.
- 2) The company recruits and remunerates employees with transparent and fair process based on knowledge, ability, skill and position. There is no any discrimination in race, religion, ethnic, class, color, gender, age, nationality, sexual orientation, military status, marital status, HIV or even disability which not related directly to the position and operation.
- 3) The company supports and encourages employees to attend training sessions in order to exchange knowledge; improve working skills, and ability of the personnel. This supporting is made a stable in a career and gives the opportunity for the potential of individual ability.
- 4) The company provides the equal remuneration to employees which considered by the scope of work similarity.
- 5) The company treats employees both men and women equally except some kinds of job that is unfavorable.
- 6) The company does not interfere with employees' personal right even though it's in the same line with the belief or the necessity in terms of nationality, religion, disability, gender or membership of political parties. It must have no effects on working, colleagues or the company.
- 7) The company does not allow employees to express behaviors such as wording and body touching including actions similar to oppression, force, sexual harassment, rape or sexual exploitation.
- 8) The company has no Pregnancy Discrimination Act policy to eliminate the pregnant women out of the company. In case of being pregnant that person is treated according to the laws and regulations.

## Threat and Harassment Policy

1. The company creates the surrounding with the senses of respect and personal dignity, not allowing any treat, sexual harassment no matter what.
2. The company does not allow executives and employees use the authority threatening or violating others in both physical and mental way. This includes wording express, action and body touching.
3. The company has the complaint procedure to examine sexual harassment actions that might be occurred in the company.

## Guidelines

The company has the direction to treat employees respectfully and emphasize the dignity of each person in order to create the happiness of living together.

- 1) The punishment such as flogging, beating or rough and sarcastic wording including physically and mentally threatening benefit depriving to employees is not allowed.
- 2) The company has disciplinary penalties punishing the employees who violate rules. Punishment is considered by the level of offence, intention and total of punishment of employees.

Punishment consideration is the Company's policy applied every time before punishing the employee. The Company will assign Human Resources and heads of department to investigate the employee thoroughly. To be fair with the employee, that person will be informed about the recent fault so that the employee will have the chance to clarify the issue.

- 3) In case of receiving a disciplinary punishment, the Company has no payroll deduction of employment. The employee suspended from breaching the discipline, that person will not be paid on that suspended day, excepting suspending from job because of investigating process.
- 4) The Company does not encourage any action related to physical touching which leads to sexual interaction for example kissing, embracing or some part of the body.
- 5) The Company does not support any wording which leads to sexual issues such as physical criticizing and teasing or impolite talking
- 6) The Company does not support any action leading to sexual harassment.
- 7) The Company does not support any expression or communication leading to sexual issues such as porn display, letter, text and other kinds of communication.
- 8) The Company does not support any behavior leading to sexual issues that make other one in trouble.

## 4. Fair Labour Treatment

### Employment and Labour Management Principle

1. The Company abides by laws and regulations concerning equality of employee rights.
2. The Company has employment system with the lawful contract and precise employment agreement.
3. The Company encourages the participation of employees in the business operation through welfare council system and others.
4. The Company supports the complaint system used as a channel to communicate messages including building good relationship between people in the organization and equal employment.



## Guidelines

- 1) The company complies with the employment law without any labor force and avoidance of employer duties covering in parts of contractor, subcontractor and trainee employment.
- 2) The company encourages the equality of employment, treating all employees fairly and equally regardless of their gender, color, race, age, disability or other issues not related to the operation.
- 3) The company prepares an annual man power plan to avoid part-time employment.
- 4) In case of job vacancy, the company opens the opportunity and considers qualifications of employees who are working at the company first but if there is no qualified person for the required position, recruiting other candidates is proceeded.
- 5) The company makes the fair employment contract categorized by duration of contracts which are fixed and non-fixed working duration such as permanent employee, consultant, and manufacturer employment contract.
- 6) The company provides the reasonable employment covering wages, working hours, weekly holidays, annual holidays, public holidays, health and safety and labor and pregnancy protection.
- 7) The company has a policy of paying wages and remuneration to employees on the basis of fairness and suitability to knowledge, duties, responsibilities and performances along with the performance assessment for annual wage raising.
- 8) The company arranges the training session and provides suitable suggestions in operation for new employees.
- 9) The company supports all levels of employees to be trained and exchange knowledge in order to improve their knowledge and potential in all areas which help them build their career stabilities and provide the advancement opportunities based on each potential.
- 10) The Company informs employees about working disciplines and regulations including legal right on the notice board.
- 11) The Company provides an opportunity for employees to suggest or complaint about working through the suggestion box. Managements, human resources staffs, welfare committees or executive committees will consider the issue within 30 days then will inform the complainant within 7 days about solutions which are beneficial to everyone and build good relationship for co-working. The complaint processes are follows;
  - 11.1) The complainant submit the complaint book clarifying about the complaint issue with the exact date of writing the issue to Managements, human resources staffs, welfare committees or executive committees.
  - 11.2) The complainant submit the complaint book clarifying about the complaint issue with the exact date of writing the issue to the suggestion/ complaint box.
  - 11.3) E-mail: anticorruption@thanulux.com
  - 11.4) P.O. Box27 SATHUPRADIT POST OFFICE Rama3 Rd., Bangpongpan, Yannawa, Bangkok, Thailand 10124
- 12) The Company has the process according to the disciplinary which employees not be discharged, laid off and fired without any regulation or unfair treat.
- 13) The Company suitable provides welfare benefits and privileges to employees.
- 14) The company is provided necessary facilities to perform their duties including the work environment. The main concern is to promote the safety, health and quality of life of employees.
- 15) The Company does not expose or send employment database including confidential information of employees to third party. All confidential information including personal data is kept in the system under the charge of human resources department which has the authority to specify the right of responsible man and set the limitation of data access.
- 16) The Company set the Risk Management Committee to arrange the meeting, follow-up and plan to prevent and handle the effect caused from domestically and globally economic situations resulted in business operation and employment.



The Company has carried out the search, selection and recruitment of employees transparently and fairly under a standard selection process. The guideline for selection is based on knowledge, ability and skills of each position. Applications are open both internally and externally to increase the career opportunities of employees whilst also to find truly suitable employees. Guiding principles give due regard to competencies, equality, non-discrimination, and The Company has policy of recruiting disabled persons who are capable of performing work unhindered. These disabled persons would be assigned to perform basic tasks and be given care and company accommodation in order to facilitate their travel to work. Besides, The Company has a plan to prevent temporary employment. The Company has had no annual employment contract except the retired employee who requests to continue working with The Company. Then The Company will consider individually and extend the contract year by year.

In 2015, The Company had a total of 2,508 employees, of whom 23 were disabled persons. The average age of employees was 37.7 years with an average employment period of 9.7 years. The total of employment is categorized by the branches as follows; the headquarter around 1,096 persons, Lumpoon branch around 764 persons, Kabinburi around 623 persons, Bangplee branch around 25 persons.

## **Remuneration and Welfare Benefits Policy**

1. The company remunerates employees with no less than the minimum wage standard conforming to Thai labour legislation and Thai industrial standard. The remuneration is paid on the basis of righteousness and individual responsibility with no discrimination towards nationality, religion or gender.
2. The company fairly determines a raise of employees based on potential and performance with the criteria in accordance with evaluation and promotion regulation.
3. All the company's information is recorded with transparency in the system and can be audited.
4. The company informs Remuneration and Welfare Benefits system to all employees.

The company has a policy of paying wages and remuneration to employees not only on the basis of fairness and suitability to knowledge, duty, responsibility and performance but also by means of comparing with the current labour market and the other companies in the same industry. Additionally, the Company awards an annual raise, an incentive, and a special annual raise exclusively for employees with high potential and remarkable performance.

As for welfare benefits, the Company provides welfare benefits together with the other benefits to ensure employees' good quality of life as well as health and mental wellness. In addition to the general welfare benefits required by law, the Company provides other benefits as follows:

1. Welfare benefits aiming at developing employees, in order to enhance the work knowledge, various in-house and public trainings are provided such as a book corner as well as internet and intranet facilities which enable employees to search for further information.
2. Welfare benefits provided to subsidize costs of living, e.g. a diligence allowance, an employee uniform, a travel allowance, a canteen selling food to employees at welfare prices and a shop providing a meal that is approved by the safety standards of Bangkok Metropolitan Administration. Besides, the Company encourages employees to bring food or homegrown vegetables to sell in order to supplement incomes and to assure consumer confidence on safety.

3. Welfare benefits to promote a saving behavior of employees, e.g. a provident fund, a savings cooperative, a monthly savings campaign in collaboration with the Government Savings Bank, and a basic training and counseling session on saving and debt resolution.
4. Welfare benefits for future savings such as provident funds, saving cooperatives, housing loans from Government Housing Bank, etc.
5. Welfare benefits regarding recreation such as a sport event, an entertainment and various games.
6. Welfare benefits for health wellness including a clinic with a doctor stationing every week and at least 2 nurses on duty daily to ensure that the services are sufficiently provided. Furthermore, employees are educated of health knowledge, such as maternity care, nutrition and contagious disease consumption. Also, there is a yearly company health check covering lung x-ray, diabetes, cholesterol, blood pressure, as well as cervical cancer test.

## Working Hours Policy

1. The Company prescribes both regular and overtime working hours in accordance with Thai labour law.
2. Overtime working is subject to be employees' willingness.
3. The Company determines a recess period on working days, a weekly day-off, and an annual leave.

## Guideline

1. Working days and hours:
  - a. Back Office Monday to Friday 07:30 - 17:30 (9 hours/day)
  - b. Factory Monday to Saturday 07:00 - 16:00 (8 hours/day)
2. Recess period includes an hour after no more than consecutive 5 hours of working:
  - a. Factory 11:00 - 12:00 and 11:30 - 12:30
  - b. Back Office 12:00 - 13:00
3. Weekly Day-off:
  - a. Back Office Saturday and Sunday
  - b. Factory Sunday
4. In case of necessity, the Company is capable of changing the weekly day-off upon suitability with employees informed beforehand.
5. The Company does not support working on a day-off unless it involves a necessary issue such as the delayed manufacturing that does not meet the due delivery date or some tasks that could not be performed during normal working days, e.g. engine check, boiler maintenance, and electric conduit cleaning. This requires a supervisor to get a written approval first and then to notify human resources department.
6. The Company encourages employees to achieve the duty within scheduled working hours (8 - 9 hours per a day). In case of compulsory such as some cases that will inflict damages to the Company, employees are, upon their consent, allowed to work overtime as necessary. The overtime hours must not exceed 12 hours per week, except some inevitable cases.
7. Employees are required to consent and get an approval from their supervisor by signing an overtime working approval form. The supervisor is obliged to submit the form to human resources department prior to the overtime working date.
8. In case of working overtime for more than 2 hours, the Company will let employees have a minimum 20-minute recess before overtime working.

## Anti-Forced Labour Policy

1. The company does not employ forced labour in any form.
2. The company does not require guarantee money, asset or any document for employment unless required by Thai labour law.
3. The company has regulations regarding employment, overtime working, complaint, resignation, etc. which conform to the law and related Thai standard prescriptions. The Company strictly maintains the implementation of these regulations as a guiding principle for the employees..
4. The company educates employees the anti-forced labour policy including employment and protection of labour right, etc. since the first day of work so that they have awareness and follow the policy and regulations.
5. The company does not support a customer, a forwarder, or a contractor who abuses forced labour.

## Guideline

Throughout the period of employment, the Company does not encourage employing the labour that is forced, threatened or punished to work against their will with guideline as follows:

1. Recruitment - the candidate applying for a position at the Company is required to submit the following documents:
  - a. Copy of an identification card
  - b. Copy of a household registration certificate
  - c. Copy of a transcript
  - d. Other documents such as a copy of military service certificate and a copy of employment verification letter.
2. Guarantee - employees are not required to give the Company a guarantee in any form: money, asset, or document. For example, the Company does not hold employees' identification card, bank book and any confidential documents as a proof of employment or the Company doesn't offer a binding contract to employees.
3. Outsider Visit - the Company allows employees to see their relatives and friends that come visiting only during recess. In case of urgency, the Company will immediately inform employees and allow them to see the visitors as appropriate.
4. Personal Errand - if employees request to do a personal errand during working time, they are required to submit a permission letter including the reasons to their supervisor and get the approval beforehand.
5. Resignation - employees who want to resign are required to submit a resignation form to their supervisor at least 30 days prior to the effective date so that that the Company can recruit a new replacement to carry on the pending works, unless employees can give specific reasons why they could not inform the Company in advance.

## Anti-Child Labour Policy

The Company does not have a policy to employ the children under the age of 15 years old.

## Freedom of Association Policy

1. The company respects employees' right and liberty to freely aggregate without inflicting any harm to other employees, the company and communities.
2. The company respects employees' right to assemble, to join or to organize a group or a corporate committee. The company is willing to open a negotiation, to select and to nominate a representative without doing anything against the law or to intervene the employee's exercise of right.

3. The company certifies that the representative nominated by employees will be accommodated and treated equivalently as the other employees. The Company does not persecute him by any means such as transferring, discharging or any action that is unfair.

## Guideline

- 1) The company respects employees' right and liberty to freely aggregate with the purpose to benefit the communities and without inflicting any harm to other employees and the company.
- 2) The company encourages the election of a representative for employee welfare committee. The election procedure is according to Thai Labour Protection Act B.E. 2541. The committee is responsible for employees welfare benefit. They are also in charge of acquiring employees' complaint and working with the representatives from the executive committee to peacefully and legally cope the problems as well as to meliorate the communities without any engagement of the company. The judgment of the welfare committee is communicated to employees via their supervisor, notice board and broadcasting.

## Occupational Health and Safety Policy

1. The company follows the prescriptions of law on occupational health and safety as well as the other related standard requirements. The Company also monitors the potential work-related risks and adapts the policies accordingly.
2. The company promotes improvement in working environment, safety in working, provision of personal protection equipment (PPE), and employees' health wellness.
3. The company encourages the participation of the employees, safety committee, and trading partners in improving occupational health, safety and working environment.
4. The company monitors and evaluates the achievement of the campaigns with regard to occupational health, safety and working environment. A year plan is also implemented in order to ensure the serious practice and utmost efficiency.



## Guideline

- 1) The Company appoints teams to be responsible for occupational health, safety and working environment as follows:
  - 1.1) Safety Committee
    1. Hold a meeting at least once a month to update the progress
    2. Inspect occupational health, safety, working environment at least once a month and report the result to executive committee.
    3. Report and propose a measure to improve the prevention of accidents and losses, aligning with the law.
    4. Promote the activities regarding occupational health, safety, working environment throughout 2015 such as "Big Cleaning Day" on May 18, 2015.
    5. Prescribe the regulations concerning occupational hygiene, safety, working environment.
    6. Propose to the executive committee a year plan, a project, an activities, an engagement plan for all employees with regard to occupational hygiene, safety, working environment.

7. Monitor and follow up the progress of the implemented activities.
8. Report the results of routine tasks together with problems occurred and the suggestions for improvement.
9. Perform any other tasks related to occupational hygiene, safety, working environment as per assigned by the Company.

#### 1.2) Safety Officer at Professional Level

1. Inspect and advise employees as well as executives the occupational safety rules.
2. Organize the Company's occupational safety plans and measures.
3. Ensure that employees implement the Company's occupational safety rules and regulations.
4. Educate and train employees how to prevent losses and accidents while working.

#### 1.3) Safety Officer at Executive Level

1. Ensure that the Company's occupational safety rules and regulations are practiced.
2. Promote the operations related to occupational safety within the company.

#### 1.4) Safety Officer at Supervisor Level

1. Supervise safety officers and assure that they follow the Company's occupational safety rules and regulations.
  2. Train employees the correct procedure to utilize equipment and machines to secure safety during operation.
  3. Train employee whilst raising their awareness towards safety at work.
  4. Maintain the safe condition of the equipment and machines.
  5. Coordinating with safety officers to identify the cause of accident and injury as well as report the result together with the suggestion for future prevention.
  6. Promote the operations related to occupational safety within the company.
  7. Perform safety-related tasks as per assigned.
- 2) The Company conducts a safety survey which includes safety check within the factory area, losses and accidents prevention plan together with improvement scheme to secure the occupational safety during work operation.
  - 3) The Company provides training with regard to safety, occupational hygiene, working environment and first-aid.
  - 4) The Company organizes fire prevention and basic firefighting course. Fire drill is held twice a year in every branches and factories. In 2015, all the courses and fire drill were achieved as planned.
  - 5) The Company provides personal protective equipment (PPE) to employees to prevent the losses, accidents and diseases which may trigger during work as per below:
- #### 5.1) Personal protective equipment (PPE) including:
1. Ear plugs/ Ear muffs for employees who exposes to loud noise.
  2. Face masks both in normal and carbon filter for employees who exposes to dusts and chemicals
  3. Iron gloves for employees who operate cutting machines.



4. Aprons for employees who expose to chemicals.
5. Safety glasses to protect the eyes from particulates.
6. Face shields to protect the eyes from particulates.

5.2) Fire-fighting equipment including:

1. Sirens
2. Smoke detectors
3. Fire extinguisher in both dry chemical and clean agent (Halon) version.
4. Fire sprinkler systems as well as other equipment such as fire proximity suits and fire hoses.

5.3) The Company realizes the importance of physical well-being. Therefore, the Company would like to take a good care of employees' health wellness as follows:

1. Clinics with stationed corporate doctors and nurses
2. Fundamental medical courses including how to perform first-aid, drug education, and how to carry an injured person.
3. Basic medicines together with first-aid kits.
4. Information boards providing knowledge about diseases and the prevention.
5. Vans to transport the injured employees to the hospital.

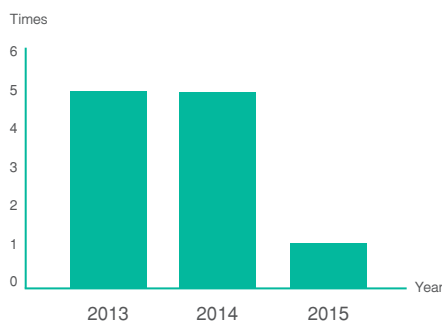
5.4) The Company supplies employees with facilities, including a cafeteria, a rest room, a glass and drinking water, which meet sanitation standards conforming to the law.

5.5) For the employees who bring their own food, the Company also provides a pantry that also meets sanitation standards. Employees can use it during the designated time at a locker room in every building.

5.6) The Company organizes a training session regarding the safety for new employees and occasionally for current employees in order to raise awareness of occupational safety.

- 6) Safety committee will work with other teams to check the preparedness of safety facilities.
- 7) In case that the employees experience an accident or an injury caused during work, their supervisor is required to submit a report to human resources department, administration department and safety officer so that the issue will be brought into discussion in the safety committee meeting to find the further prevention.

## Statistics of Employee's Absence due to Accidents



## Work - life Balance

The Company supports the balance between work and life to ensure employees' wellness, which in turn would have an impact on their success, security and advancement. Works are assigned based on value, interests, knowledge and abilities of employees, and remunerations and other forms of compensation are given to create incentives, in view of career advancement. Employee participation in decision-making processes is encouraged. Mutual recognition and assistance are promoted.

Furthermore, the Company has provided an environment which promotes and facilitates the performance of work, as well as to support employees volunteering in social projects in order to maintain a work-life balance when working for the Company. In this regard, the Company applies the "happy 8 workplace" principle as a guideline for undertaking activities to ensure greater happiness of employees. In 2015, the following provisions were made:



## 1. **Happy Body** - promotion of employee health

- 1.1 Health risk assessment survey conducted by the occupational medicine specialists from Nopparat Rajathanee hospital. The test involves chemical, light, noise, heat, dust and other factors that can cause health risk to employees. In order to assess the effect of work-related risk, employees were required to undergo health checks including lung competency, hearing and chemical traces in the body, within 30 days after working at the risky area.
- 1.2 Annual health checks and identifying age-related risk factors, e.g. diabetes, lipid, breast cancer and cervical cancer.
- 1.3 Facilities for employees who need to stand or sit for a long period. For example, a chair with backrest and a standing desk mat were provided to relieve fatigue according to ergonomics.
- 1.4 Time for exercises at work in order to relax the tense muscles.
- 1.5 A clinic together with professional medics and nurses to provide fundamental treatment and health advices as well as Diphtheria vaccine and Tetanus vaccine during the disease breakout.

## 2 **Happy Heart** - promotion of employees' sharing and generosity behavior as well as encouragement of volunteer work awareness such as:

- 2.1 Blood donations to the Thai Red Cross Society, Lamphun hospital and Kabinburi hospital in every quarter.
- 2.2 Temple cleaning activity to maintain a peaceful scenario carried out by a group of volunteered employees such as the campaign "Thanulux develops temples, advances employees" which was collaboration with Baan Sun Luang community from Muang district, Lumphun province.

## 3 **Happy Relax** - employees' relaxation and promotion of a pleasant working environment, e.g. recreational activities, music, sports and other forms of entertainment that brings happiness to employees.

## 4 **Happy Brain** - promotion of the development of personnel's knowledge and skills. In addition to in-house and public training, the Company supported the establishment of a web board to publicize various knowledge through intranet channel. Furthermore, the Company held an innovation contest within the Thanulux Group (Thanulux Innovation Awards) every year for the 8 consecutive years, with a vision to enhance employees' potential, to encourage their creativity and to inspire development for greater efficiency. The concept for the year of 2015 was "Everything is Possible"

## 5 **Happy Soul** - cultivation of morals in employees' lives and preservation of good traditions. The Company organized several activities in this regard including:

- 5.1 An annual remembrance of the passing away of Chairman Dr. Thiam Chokwatana, founder of the Saha Group.
- 5.2 "Meditation, Ordination, Soul Cleansing for Wisdom" event held on important religious occasions, such as the lent festival.
- 5.3 Traditional events such as lent candle casting ceremony, candle offering to temples ceremony, water offering for paying respect to elders on the Thai New Year.

## 6 **Happy Money** - promotion of employees' saving behavior and expenses management in accordance with the sufficiency economic principle. Training has been given on savings, financial planning and secure retirement planning. The Company has allowed financial institutions to collect deposits from employees every month. Employees are also encouraged to bring food and homegrown vegetables to sell at the Company during recess.

## 7 **Happy Family** - promotion of the family institution between employees and their children. The Company has organized bonding activities, e.g. a mother's corner to encourage breast-feeding, mother's day activity: communicating love to mothers, and the participation to government's event "Bike for Mom"

## 8 **Happy Society** - cultivation and promotion of employees' responsibility towards the society and communities as follows:



- 8.1 Reforestation activities in honor of HRH Princess Maha Chakri Sirindhorn on the occasion of the 60<sup>th</sup> birthday anniversary, in collaboration with Sra-doo communities from Kabinburi district, Prachin Buri province.
- 8.2 Activities of offering lunch to pre-school children of Bua Luang community from Yannawa district on the occasion of the annual remembrance of the passing away of Chairman Dr. Thiam Chokwatana.
- 8.3 Organization of activities and lunch to deprived children at Rajvithi home for girls.

As a consequence of fair labour treatment and various forms of activities under the Happy 8 Workplace Campaign, employees have become happier and are able to maintain a proper balance between quality of life and work. The Company was awarded the “Outstanding Workplace for Labour Relations and Welfare for 2015 (National Level)”, an award received for the third consecutive year, on 20<sup>th</sup> August 2015. The Company is greatly honored by this award, which shows management and care for the quality of lives of employees who are the most valuable assets and key driving factor in the Company’s achievement of its business goals

## Personnel Development

The Company has carried out the development of personnel in line with the business direction by improving knowledge, skills and personalities of personnel in order to achieve the Company’s business goals and to promote good opportunities for career advancement for personnel together with Company’s success. “Personnel Development” therefore serves to strengthen the organization towards the goals as well as to prepare for a sustainable business growth. In this regard, the Company has formulated personnel development programmes which incorporate all levels, details of which are stated below.

### 1. High Potential Development

The Company has anticipated the importance of building and preparing personnel for business growth by laying guidelines for the development of high potential employees. As of now, 4 classes of the programme have been completed with a total number of participants of 10 persons. Individual Development Plans (IDP) have been formulated. For example, coaching by the executive officers, on-the-job training, mutual knowledge sharing among departments, assessments by the executive committee etc. have been conducted with the aim to enhance the skills of the high potential employees so that they are able to handle more challenging duties. In return, the Company provides reasonable remunerations, career advancement, individual development and responsibilities to the high potential employees (Star) to ensure that they are well prepared to take managerial positions which is a keystone to drive the business towards the Company’s planned strategies direction.

### 2. Key Persons Development

The Company aims to develop and prepare for the development of persons critical to work units, known as key persons. Selections are made from personnel with suitable qualification, having knowledge and expertise in the assigned tasks, having personalities and working habits which show commitment and determination, as well as having a good working attitude. The Human Resource Department has collaborated with the relevant work units in creating an Individual Development Plan (IDP) with diversified forms of learning and development, e.g. coaching, knowledge sharing, project assignment and in-house and public trainings. In order to acquire accurate information on personnel development, individual assessments have been conducted by relevant persons. Results are also followed up with supervisors twice yearly to ensure efficiency and greatest gains from the development of key persons.

## 3. Leather Technician Development

To conform with the Company's direction towards leather good business to respond to increasing customer's needs in many countries with limited human resources in leather goods labour market, the policy of leather technician development has been initiated by selecting skilled daily employees with expertise. The training in beginner's, intermediate and advanced level will be provided together with allowance equivalent to that of assistant leather technician as an incentive for the development. In 2015, the first class of project incorporated 6 employees from Bangkok and 8 from Lamphun. The daily employees who participated this project were granted a chance to develop their skills and to be promoted to monthly employees, which can be advanced to more professional level.

## 4. Sensei Project for Developing Shirt

In pursuance of the executive committee's great vision to build and develop personnel in the manufacturing division into creators of goods embodying refined and meticulous tailoring and workmanship which meets international quality standards, consistent with the mission to secure customer satisfaction through the achievement of excellence in quality, the Company has continually implemented a personnel development policy, named "Sensei Project for Developing Shirt", since the year 2012. The objective of this project is to enhance the competencies of production supervisors in line with future job description. Trainers are developed into exemplary models for the execution of proper shirt tailoring principles in order to achieve quality results effectively. They will be able to give instructions in the manufacturing line to tailoring employees in all branches and plants involved in the manufacture of shirts, as well as inspect the quality of outsourced products. This also enables the application of newly acquired knowledge to the development of production for both domestic and export goods in response to the greater diversification of customer groups.

In the implementation of this Project, the Company has continually enjoyed the unwavering support of Rio Bianco Inc. Generosity was extended by the Chairman, Mr. Takeo Saito, who has assigned Ms. Keiko Hatada, an organisational expert instructor, to convey international standard tailoring knowledge and techniques to a group of employees selected to participate in the Project.

Rio Bianco Inc. is located in Fukushima Prefecture, Japan. The company is a specialist manufacturer of shirts and is renowned for its manufacturing efficiency and outstanding quality. On the occasion of 25<sup>th</sup> anniversary of Rio Bianco



The ambience during the class and sewing test session

Inc., the Chief Executive Director and the Deputy Managing Director and CFO of Thanulux Plc., gave souvenirs to Mr. Takeo Saito, the Chairman of Rio Bianco Inc., and Ms. Keiko Hatada, an organizational expert instructor.

The Company has provided a practical workshop fully equipped with instructional tools to create a learning environment focused on reaching learning results. In addition, soft skills are continually sharpened, such as mentoring skills, effective communication skills and analytical, decision-making and problem-solving skills, so as to promote the working proficiency and adeptness of this sensei, thus leading to better results in personnel development.

Moreover, in 2015, the Company promoted and granted opportunities to such sensei to participate in a 3-week internship programme for learning manufacturing techniques at Rio Bianco Inc., Japan. The experience was beneficial to the development of pattern techniques, increase in manufacturing efficiency through the use of sewing machines and Japanese style work culture. This knowledge was passed on to relevant persons for application to the revision and development of the manufacturing process for even greater efficiency. In any event, the Company aspires that this Project would lead to excellence in quality of goods and products delivered to customers, and create a sustainable advantage in business competition.

## 5. Training

In addition to personnel development programmes, training is another vital key for personnel development to prepare for both short term and long term business expansion. The Company has also attached importance to training and development of employees at all levels, ranging from executive and managerial levels to operational levels. In 2015, “Corporate Governance Principles, Business Ethics and Codes of Conduct for Company Directors, Executives and Employees” as well as anti-corruption policy are trained to employees at all levels in order to manifest the Company’s intention and great determination of operating business under the principles of integrity, honesty, integrity, virtue and ethical governance. The Company also organizes various trainings for employees as follows:

### General course:

- “Orientation: TNL’s Family Smart & Happy Together” course
- “Environmental Management System ISO 14001” course
- “First Aid” course
- “Basic Fire-fighting” course

### Professional course:

- “Fashion Trend” course
- “Fabric Knowledge Training” course
- “Cost and Inventory Management” course

### Managerial course:

- “Managerial Psychology and Persuasion” course
- “Professional Presentation” course
- “Coaching and Monitoring” course
- “Prioritizing and Time Management” course
- “Analyzing and Effective Performance Monitoring” course



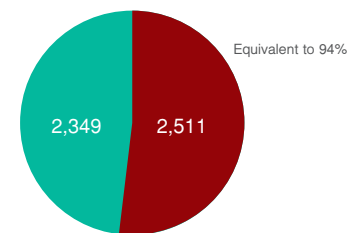
## Corporate Social Responsibility (CSR) Training:

| Subject  | Trainee      |              |                   |              |                 |              |            |                   | Date  | Number of Participants |
|--|--------------|--------------|-------------------|--------------|-----------------|--------------|------------|-------------------|---|------------------------|
|  | Men's wear A | Men's wear B | Export Men's wear | Leather Good | Children's Wear | Women's Wear | Production | Operation Support |   |                        |
| 1. Social Responsibility Standard (CSR-DIW)                | ✓            | ✓            | ✓                 | ✓            | ✓               | ✓            | ✓          | ✓                 | Session 1<br>(11 June 15)<br>Session 2-3<br>(Aug 16)  | 1,107                  |
| 2. Code of Conduct   | ✓            | ✓            | ✓                 | ✓            | ✓               | ✓            | ✓          | ✓                 | Session 1<br>(11 June 15)<br>Session 2-3<br>( Aug 16) | 1,107                  |
| 3. Corporate Security Measure Under Human Rights           | ✓            | ✓            | ✓                 | ✓            | ✓               | ✓            | ✓          | ✓                 | Session 1<br>(11 June 15)<br>Session 2-3<br>( Aug 16) | 1,107                  |
| 4. Anti-Corruption   | ✓            | ✓            | ✓                 | ✓            | ✓               | ✓            | ✓          | ✓                 | Session 1<br>(11 June 15)<br>Session 2-3<br>( Aug 16) | 1,107                  |
| 5. Political Participation and Support with Responsibility | ✓            | ✓            | ✓                 | ✓            | ✓               | ✓            | ✓          | ✓                 | Session 1<br>(11 June 15)<br>Session 2-3<br>( Aug 16) | 1,107                  |

At the heart of the training and personnel development is the monitoring and assessment of knowledge acquired, including the transmission of knowledge to related persons to enable personnel to apply the knowledge obtained for the greatest benefit in the work operations and to improve working efficiency.

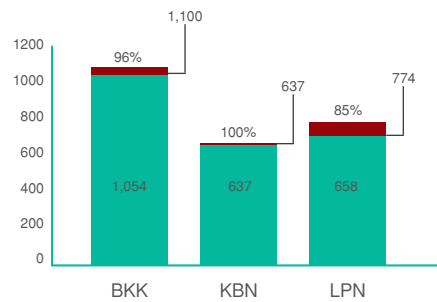
In 2015, the Company organized 184 courses equivalent to 1,199 hours. The number can be broken down as follows: 90 courses, or 469 hours, of in-house training, 94 courses, or 730 hours, of public training, Categorized by the content of training, the total 184 courses can be divided into 145 course of functional skills and 39 courses of soft skills. The number of trained employees is 2,349 or 94% to total company (the information as of November 2015).

Summary of trained employees



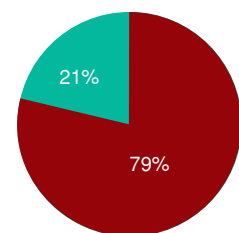
■ Number of all employees  
■ Number of trained employees

Summary of training by branches



■ Number of all employees  
■ Number of trained employees

Training categories



■ Functional Training  
■ Soft Skill Training

## 6 Educational Scholarship Employees and Descendants Thereof

### 6.1 Bunka Fashion Academy Scholarship



Pursuant to the Company's policy to promote personnel opportunities to enhance competencies, increase knowledge on the production of fashion goods, Academic capabilities, suitable technology that is compatible with the business operations and favorable to the business growth and development, educational scholarship have been granted for the garments creation course organized by the Thai Bunka Fashion Academy. The Academy was established

through the cooperation of Saha Group and Bunka Fashion College, Japan, with the objective of laying the groundwork for fashion academic studies in Thailand, enhancing students' skills and expertise in the particular fields of fashion and to serve as a medium for exchange of knowledge and fashion development in Thailand and internationally, so as to promote advancements and modernize the Thai fashion industry.



Miss Chompoo Kicharum, a shirt-pattern technician and the scholarship student of the 4<sup>th</sup> class of Bunka Fashion Academy, designed a dress with the concept of charm, waver and gentle, which was inspired by "Dior New Look": the infinite inspiration. The dress was featured as the finale in the 8<sup>th</sup> Graduation fashion show of Bunka Fashion Academy on 12 February 2015 held at Eden zone, Central World. Our scholarship student - employee was also awarded with "Attendance Rewards" as an honour of hard-working.

In the 2015 academic year, the Company granted one scholarship for fashion design studies to an employee to attend the 6<sup>th</sup> class in the "Fashion Creation & Fashion Professional" course at the Thai Bunka Fashion Academy. The recipient was Miss Kittiya Prumnuk from the children's wear manufacturing unit. The value of the scholarship was Baht 260,000 (for the entire 2-year course). The Company has continually followed up the performance of the scholarship student to ensure that she is able to efficiently apply her study to her career.

### 6.2 Scholarship for a Bachelor's Degree in Textile

Chemical Engineering and Textile Engineering at the Faculty of Textiles Industry, Rajamangala University of Technology Krungthep



Due to skilled labour shortages in the textile industry, the Company, companies in the Saha Group and Rajamangala University of Technology Krungthep have formed a policy on technical collaboration to develop graduates in this field of business. The collaboration hopes to increase the competitiveness of the textile industry in a sustainable manner. Thanulux PCL, as one of the companies in the Saha Group who has supported the project and the main sponsor in 2015, has granted the faculty of textiles industry, Rajamangala University of Technology Krungthep 5 units of scholarship in Textile Chemical Engineering and 4 units of scholarship in Textile Engineering. The total scholarships granted were 9 units together with the course fee of 200,000 baht per unit, of which the total was equivalent to 1,800,000 baht. The Company has also participated the activities of the project including the public relations trip, the students' field trip to Saha Group industrial park, the orientation for scholarship students, the internship for scholar students during school break in order to equip them with real working experience and extra earnings, etc.



The orientation and the field trip to Saha Group industrial park for scholarship students on 16 - 17 May 2015



The ceremony of granting scholarship of "Textile Graduate Development Collaboration Project" and the 19th Saha Fair Visit at Queen Sirikit Convention Center on 25 June 2015

## 5. Consumer Responsibility

The Company attaches the utmost importance to customers' satisfaction and sustainable development through the products and services. The examples of which are giving the correct and transparent information to customer, doing marketing with ethics, treating customers with fairness, and minimizing risks of products and services. The Company therefore commits towards consumer responsibility through product design, production, distribution, customer's service, product recalls and consumer information confidentiality. The following policies and guidelines have been prescribed:

1. Manufacturing and distribution of goods and services must be safe for consumers and friendly to the environment.
2. Businesses are operated based on commitment, development of products and services, development of new innovations to continually add value to products and services in response to customer needs. Furthermore, information which is essential to decision-making is fully disclosed with no distortion of facts.
3. Businesses are operated based on the values of integrity, honesty and fairness. No actions are taken which would infringe the rights of customers. Customer trade secrets are guarded and not wrongfully utilized for one's own benefit or for the benefit of related persons.
4. To not demand, receive or accept properties or other benefits dishonestly from a customer, whether directly or indirectly.
5. To conform to trade agreements. In the event where conformity is not possible, the customer shall be notified in advance in order to jointly arrive at a remedial solution and prevent damages.
6. To provide communication channels for customers to file complaints on the Company. Complaints are processed with care and dealt with fairly.

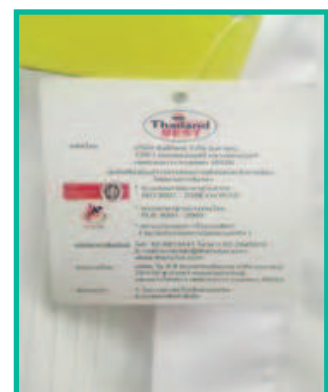
## Safety Standard

To ensure customers' confidence, the Company's standards and systems have been certified by the following:

1. International standard for quality management, ISO 9001:2008, from the process of sourcing, manufacturing, quality checking and packing, of which every step is auditable.
2. Carbon Footprint Label Scheme certificate for the product "Long Sleeve White Shirt Arrow Style AY 360" from Thailand Greenhouse Gas Management Organization.
3. The Certificate of Qualified Thai Silk Blend Manufacturer from The Queen Sirikit Department of Sericulture.
4. Product Environmental Footprint (PEF) Certificate for the product "Long Sleeve White Shirt Arrow Style AY 360" from Thailand Textile Institute.
5. Smart Fabric trademark from Thailand Textile Institute.
6. International standard for environmental management, ISO 14001:2004.

## Product and Services Labeling

The Company labels the products and services in accordance with international standards and the regulations of the Office of Consumer Protection Board (OCPB) in order to make sure that the consumers receive the correct information. The Company also includes some labels such as a certified quality assurance label, an environment health and safety label, a Thai labour standards label, a drug-free workplace label, etc. to support consumers' decision making. In addition, the other useful information such as an instructions label and a care label is also provided.



## Marketing Communication and Customers Privacy

The company emphasizes and is responsible for stakeholders. The guideline to be responsible to customers through various channels such as Website, Facebook, customers relations to use as guideline in the operation of the Company as follows:

1. Provide correct, sufficient and up-to-date information to customers so that they know about the products and services. This is not overstated which may cause misunderstanding.



2. Contact customers politely, effectively and gain their confidence. There is also channel easily accessible by customers to file complaints about product quality and safety. Our response is also quick.
3. Keep customers' information as confidential and do not use the information for own interest or related person in illegal way.
4. Provide recommendation about usage method and service of the company efficiently and of most interest to customers.

## 6. Environment Preservation

The Company considers the control over the use of natural resources as a key to sustainable development, which also requires the cooperation of all employees within the organization. The Company fosters the corporate core value that the development of the society is a consequence of the balance development from economy, quality of life as well as environment and natural resources preservation. The Company therefore undertakes businesses with due regard for responsibilities towards the environment. In this regard, the following policies and guidelines have been prescribed.

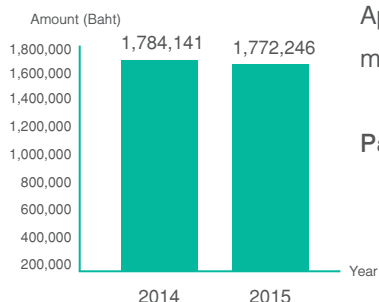
1. Businesses shall be undertaken in accordance with laws, regulations and policies on the environment with due regard for the impact on natural resources and the environment and regular revisions and assessments of performance results shall be undertaken.
2. An organizational culture and consciousness of employees at all levels shall be promoted to encourage cooperation and responsibility for the efficient and sustainable management of the environment and utilization of resources.
3. Knowledge promotion and environmental training shall be extended to employees.
4. Environmental management system shall be promoted, from the economical use of resources to the sustainable treatment and rehabilitation, replacement, monitoring and prevention of impact on natural resources.
5. There is a system for selection of trade partners in the value chain who undertake businesses in an environmentally friendly manner.
6. Environmentally friendly technology are developed and published.

### Water Conservation

The Company has a measure to encourage employees to turn off the tap after use and to assign security officers to check after the office hours. Organizational awareness is also instilled to employees so that they can help to inspect if there is a broken or leaked faucet and inform related units for urgently repair. The administration unit and all employees are responsible for sustaining the water system. For example, water pipe and tap should be maintained in a good condition. As for the internal communication, the Company has put up a poster regarding the water conservation campaign at the restroom areas in every building.



## The statistics of water usage in the past 2 years



Apart from water conservation, the Company has implemented the other measures as a guideline for the employees as follows:

### Paper Use Reduction

- 1 Reuse paper when printing the documents which do not require new paper.
- 2 Encourage to send information via email, internet, local area network or a handy drive.
- 3 Dispose the used paper, printing media paper, pamphlet, or any external documents which cannot be further used at the provided box for non-recycle paper for sale. It will be sold to the paper shredding company.

### Petrol Conservation

- 1 Encourage employees to plan and share the route to conserve the petrol and turn off the car engine while parked.
- 2 Frequently have car engine maintenance
- 3 Do not load products more than the capability of the car as it will consume more petrol
- 4 Check the fuel tank that there is no leak to conserve the petrol and avoid polluting the environment from leaking fuel.

### Reduction the Use of Air in Compressed Air System

1. Maintenance department is responsible for checking the leak of air in air pipe and the condition of the equipment in compressed air system.
- 2 The other departments is also expected to oversee the leak of air and, if there is a case, to inform the maintenance department for immediate repair.

### Recyclable Materials

1. Srida Green Product is an energy saving innovation which can help to reduce global warming and preserve the environment. The Company has started manufactured such product since 2014. Because of the realization that our world are undergoing serious environment issues both in wasting of natural resources and a great deal of garbage which takes hundreds of years to decompose such as a plastic bottle, the Company intends to be a part to preserve the environment by using fabric woven by a thread that is produced from cotton fiber blended with fiber called Polyethylene Terephthalate (PET). Such PET fiber is developed from used plastic bottles that undergoes melting process, turns into fiber and is woven into recycled polyester yarn. PET innovation is considered as a modern technology which can recycle used plastic bottles into polyester yarn with the characteristic of water repellent, stain resistance and easy to clean.
2. In July 2015, the Company held a contest named "Miracle of Fabric Scraps" with a prize valued more than 10,000 baht to draw the employees' participation. The objective of the activity is as follows:



- 2.1 To recycle waste into a valued product
- 2.2 To use the skills to generate more earnings
- 2.3 To expand the project to communities for extra earnings
- 2.4 To promote creativity and use the free time effectively



All the works were displayed at the reception area and then sold in "Gift Fair" fair on December 22-25 2015, which many interested customers.

## Energy Conservation

The Company appreciates the importance and value of energy, and has thus consistently undertaken energy management activities within the Company. A conscience on energy conservation as a core value has been instilled and it is the duty of all employees to cooperate in the management of energy and most productive utilization of energy. The Company has appointed an Energy Management Working Group comprising representatives of various internal work units to coordinate energy conservation operations to ensure the realization of the following policies and objectives.

- 1 The Company undertakes to implement and develop a suitable energy management system which shall stipulate energy conservation as a core component in the Company's operations in accordance with the law and other relevant prescriptions.
- 2 The Company undertakes to improve the efficiency of energy resource utilization by the organization on a continual basis and in line with its business, technology applied and good practices.
- 3 The Company undertakes to prescribe an annual plan and target for energy conservation, which shall be communicated to all employees to ensure understanding and proper compliance.
- 4 The Company regards energy conservation as the responsibility of executive officers and employees at all levels who shall cooperate in the implementation of the prescribed measures, monitor, inspect and report to the Energy Management Working Group.
- 5 The Company will provide all necessary support, including human resources, funding, working hours, training and participation in the submission of comments to improve energy operations.
- 6 The management and Energy Management Working Group will review and revise policies, targets and energy plans every year.

The Working Group oversees and is responsible for energy management to ensure consistency with energy conservation policies prescribed by the Company. This is achieved by coordinating with all relevant work units, including organizing training and energy conservation activities as suitable for employees in each work unit. In any event, the energy conservation policy and energy management has been continually revised, and suggestions relating to policies and energy management procedures have been collected and transmitted to senior executive officers for acknowledgement.

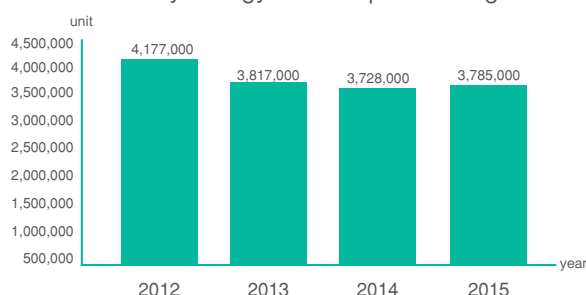
In 2015, the Company has implemented energy conservation campaigns as follows:

- 1 The capacity of the electric transformer was reduced. The original transformer rated 2,000 KVA has been replaced by 2 units of transformer rate 800 KVA and 500 KVA in order to decrease magnetic core losses. The Company therefore has saved 4,380 units of electricity energy per year, equivalent to 19,000 baht per year. The risk of the blackout has also been minimized
- 2 Inspection of steam traps in steam irons and machinery which uses steam has been drawn up. Replacements are swiftly installed whenever a breakage is found in order to clear condensate and reduce loss of steam from the system, which has saved 300 litres of fuel oil a year, equivalent to 50,000 baht per year.
- 3 Inspections of air leaks in the air compression system are carried out every 3 months to minimize air loss at the joints of various air instruments and to conserve energy consumed by the operation of air compression units. The percentage of air leaks in the air compression system now stands at 3 percent, whilst the standard level of air leak in the air compression system prescribed by the Energy Conservation Department is 5 percent. The Company has therefore saved 3,418 units of electricity energy per year, or equivalent to 14,500 baht a year.
- 4 The training regarding how to maximize the use of engine fuel to employees under manufacturing unit in order to promote the awareness to energy preservation and the effective use of energy. The session was held on September 7 2015 with 120 participants.
5. Clutch motors and Servo motors are gradually replaced by high efficiency motors thereby enabling energy economy. Clutch motors and Servo motors operate continuously whereas high efficiency motors only operate when activated.
6. Notice boards and stickers publicizing various energy conservation campaigns have been set up at various locations, as well as a book corner to disseminate knowledge relating to energy conservation to employees.



- 7 The maintenance plan for air-conditioning system in the factory as well as the office, machines and electric transformers has been organized. Lighting system has been enhanced with light reflecting material while the light bulb has been covered to prevent the dusts and fire incident caused by sparks. These maintenance plans have improved the effectiveness of air-conditioning system, machines, electric transformer, lighting system as well as the other electric compliances, which has saved the electricity consumption for around 5-8%

Statistic of Electricity Energy Consumption during 2012 - 2015



Remark: In 2015, the Company has modified the office building, resulting in the expansion of air-conditioning usage in various areas and the higher consumption of electricity energy, However, the figures are expected to be lowered as planned in 2016

## Emission of Air Pollution

The Company is fully committed to preventing the emission of air pollution to the communities surrounding the Company. In 2015, the boiler has been inspected in order to get registered. The maintenance plan has been organized and carried out to secure the efficiency. The maintenance plan includes:

- 1 Daily check the boiler, weekly clean the soot removing water spray and soot filtering cyclone.
- 2 Fully inspect the boiler yearly by licensed company in order to apply for safety assurance.
- 3 Test the acidity (pH) of the water that undergoes hardness removal process from the boiler every 6 months. For the result, the input water has the pH scale at 7.3 at 25 degree centigrade (the benchmark is 5.8 – 9.5) while the output water has the pH scale at 9.7 at 25 degree centigrade (benchmark is 8.5-11.8)
- 4 Check the optical density of the soot from funnel every year according to the law. In 2015, the result is 3.1% (standard criteria should not exceed 10%)

In addition, an emergency plan in case of excessive pressure in the steam boiler as well as an emergency plan for the leaking steam boiler have been prepared and rehearsed by simulating the scenario of excessive pressure in steam boiler with actuated safety valve on 14 August 2015 from 15.30 to 16.00. The objective of this rehearsal is as follows:

- 4.1. To prepare for prevention, reaction, relief and restoration in an emergency case of leaking or exploding steam boiler. The aim is to resolve the incident as quickly as possible with as minimized losses as possible.
- 4.2. To promote the cooperation among all levels by assigning each related employees their own responsibility in prevention, reaction, relief and restoration in an emergency case of leaking or exploding steam boiler.
- 4.3. To minimize the risk of leaking or exploding steam boiler.
- 4.4. To be consistent with legal and environmental regulations.



As for the assessment of the rehearsal concerning the scenario of excessive pressure in steam boiler, the participants are enthusiastic and understand the situation and can resolve the issue according to their responsibility.

## Wastewater Treatment System Project

In 2015, the Company has devised an environmental management system with an objective to conform to the ISO 14001 and the legal standard environmental management regulations. “The improvement on wastewater treatment system” has therefore been implemented by building 2 cesspits to store the Company’s wastewater. The sewer system has been reorganized. With the help of water pumps, the wastewater is transferred through pipes from cesspits to 3 settling basins which use sedimentation to remove settleable matter and turbidity from wastewater then discharge the purified water to public sewers. Furthermore, effective microorganisms have been



used to balance the water. The purified water discharged to public is also tested in laboratory. The result is above benchmark which means that the water does not pollute environment and communities.

The results of the purified water after wastewater treatment

| Number | Parameter               | Test Result  | Standard   | Qualification |
|--------|-------------------------|--------------|------------|---------------|
| 1.     | pH                      | 8.8 at 25 °C | 5.5 - 9.0  | ✓             |
| 2.     | BOD                     | 2 mg/l       | 20 mg/l    | ✓             |
| 3.     | COD                     | <40 mg/l     | 120 mg/l   | ✓             |
| 4.     | SS                      | 31 mg/l      | 50 mg/l    | ✓             |
| 5.     | TDS                     | 420 mg/l     | 3,000 mg/l | ✓             |
| 6.     | Oil & Grease            | 2.3 mg/l     | 5 mg/l     | ✓             |
| 7.     | Total Kjeldahl Nitrogen | 2.3 mg/l     | 200 mg/l   | ✓             |

Water and wastewater standards: the announcement of the ministry of industry, 2nd issue (1997), regarding the characteristics of wastewater discharged from industrial plants



Cesspits construction in front of the Company

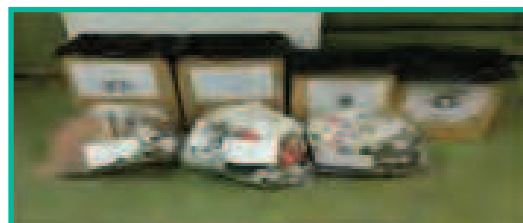


Settling basin at the boiler room

## Waste Sorting

Nowadays, the issue of waste and garbage keeps aggravating as Thai people don't dispose litter at the proper provided places resulting in environmental pollution. The Company therefore attaches its importance to waste disposal and sorting. Besides, The "Waste Sorting" Campaign has been initiated to promote and educate employees how to properly litter. The major waste of the Company can be mainly divided into 2 types:

- 1) Industrial Waste - this waste includes any material that is rendered useless during a manufacturing process such as fabric scraps, threads, and batteries, etc. This kind of waste of which some contain toxic pollutant requires specialized treatment. The Company therefore establishes a new building for keeping and sorting industrial waste in order to deliver to the industrial waste treatment and disposal Company certified by law for further demolition.



- 2) Office Waste - the office waste is produced by works at the office such as paper, bottles of water, glasses, etc. This kind of waste can be recycled and added values. The Company categorized office waste into 3 groups: general waste, recyclable waste and hazardous waste so that the Company can encourage the awareness of waste sorting. Training has been extended to all workers to educate them about the types of waste, waste container, waste separation and storage. The garbage bins in different color for different kind of waste have been provided to employees.



After the launch of "Waste Sorting "campaign" in 2015, it is found that correctly sorting the garbage helps to promote better health well ness and environment.

## Significant Leakage of Chemicals

The Company is well aware of the effects of chemicals leakage on the communities and environment. Therefore, in order to prevent, control, and prepare to restrain leakage of chemicals, the Company has organized a plan and emergency rehearsal as follows:

1. Emergency plan to restrain the case of LPG leakage from tanks - the operation procedure has been reviewed and improved. The emergency plan is rehearsed on 6 March 2015 at 14.00 - 15.30 by simulating leaked LPG tank in the cafeteria area. The assessment with the criteria based on the emergency plan is that the participants are good team players who are able to understand and perform their assign duties in a short time.
2. Emergency Plan to restrain the case of chemicals leakage from storage and application. The operation procedure has been reviewed and improved. The emergency plan is rehearsed on 15 May 2015 at 10.30 - 11.00 by simulating chemicals leaks in the shirt manufacturing unit. The assessment with the criteria based on the emergency plan is that the participants are good team players who are able to understand and perform their assign duties in a short time

## 7. Participation in Community and Social Developments

### Community Activities

1. Through the conversation and participation in activities of communities around the company, Wat Chong nonthri school requests a support from the Company to renovate the building for kindergarten students especially that of the nursery level where the children study and develop their growth so having an environment which encourages learning will benefit them. With this regard, the project called "Have Fun with Creativity" (for nursery 1 and 2) has been organized on 12 June 2015 with the objective to promote better environment in the classroom which helps the children to learn and, at the same time, to satisfy their needs physically, mentally and intellectually. Self-learning habit is also motivated. The classrooms are decorated with colorful material together with instructional media which is suitable to their age.
2. Thanulux PCL. makes merit, treats children lunch, and support electric compliance to community volunteers on the commemoration of the passing away of Dr. Thiam Chokwatana at Wat Chongnonthri temple and Bua Luang Home for Children
3. Thanulux PCL. together with Yannawa Senior Citizen Club offers a lent candles to Wat Chongnonthri Temple on 28 July 2015.
4. The Company sponsors the budget of 11,500 baht for improving the environment of Preecha Senior Citizen community at Bang Pong Pang , Yannawa District. according to senior citizen care model project. The money is used to equip the community with flush toilets which promote hygiene as per their emergency request.



## Social Activities

The Company has undertaken its businesses with due regard to its duties and responsibilities towards the nation, communities, society and environment, as well as local traditions, in order to maintain a good society and common benefits. The Company has voluntarily applied for participation in the CSR-DIW 2015. On the occasion of 40th anniversary of Thanulux PCL, various activities have been held together with the following donations:

1. Pradabos Foundation - 2,000,000 Baht
2. Dr. Thiam Chokwatana Foundation - 1,000,000 Baht
3. Phrabatnampu Temple - 100,000 Baht
4. Lerdsin Hospital - 100,000 Baht
5. Wat Chongnonthri School - 20,000 Baht

**Furthermore, the Company also sponsors many public charity institutes as follows:**

1. Support of Dr. Thiam Chokwatana Foundation. The Company has contributed funds for social interest activities of the Foundation in various areas, i.e. education, religion, community and helping the underprivileged, victim including educational scholarships, every year. In 2015, contributions to the Foundation on important occasions were as follows: donation on the commemoration of the passing away of Dr. Thiam Chokwatana in the amount of Baht 200,000 (two hundred thousand Baht only) and another sponsors fund of 450,000 Baht for the publishing of the book entitled “100 Years: Dr. Thiam Chokwatana 100 ethical Philosophies” of which the revenue will be given to public charity.
2. Donations to the project “Dharma Mercifulness Global Support”. This is a public non-profit project founded by Chao Khun Alongkot Dikkapanyo (Phra Udomprachathorn), abbot of Wat Phra Bat Nam Pu, to help AIDS patients and orphans. The Company invited the abbot to deliver a dharma service as well as receive essentials and other items for the 4th consecutive year. On the same occasion, the Company acted as a merit bridge by inviting employees of the Company and the surrounding communities to participate in the project on 28th September 2015 at Thanulux Public Company Limited. A total sum of more than Baht 220,000 (two hundred twenty thousand Baht only) was collected along with several other items which are equivalent to Baht 500,000.
3. Donation to the establishment of the medical center building in honour of Queen Savang Vadhana on the occasion of the 150th birthday anniversary at Queen Savang Vadhana Memorial Hospital, Sriracha. The donated amount is Baht 1,000,000.
4. Encouragement of employees to donate blood to help humanity by coordinating with Thai Red Cross to come collecting blood donated at Thanulux public company limited. The blood donation has been done every quarter for continuously 5 years with employees and surrounding communities participating. Ms. Dusadee Soontrontumrong, a Director, has an honour to be a representative of the Company to attend certificate awarding ceremony from Her Royal Highness Princess Soamsavali as the Company who encourage blood donation activities.
5. Support of the Fund for the Promotion and Development of Quality of Life for Disabled Persons. In addition to recruiting disabled persons who are not hindered from work on the basis of providing daily care and work support, the Company also contributed monies to the Fund for the Promotion and Development of Quality of Life for Disabled Persons, Ministry of Social Development and Human Security in aid of disabled persons for a better quality of life and self-dependency.
6. The Company provides continual cooperation and remedies of drug problems at the workplace and has received an award for standard prevention and remedy of drug problems at the workplace, as well as selected as a representative of private operators in the declaration of a joint action to counter drugs and human trafficking of

workplaces under the supervision of the Office of Labour Protection, Department of Labour Protection and Welfare. The action was based on the following guidelines:

- 6.1 Support of valued and honoured labour.
- 6.2 Recognition and cooperation in the combat against drugs and realization of the importance of standards for preventing and remedying drug problems at the workplace.
- 6.3 Recognition and cooperation in the prevention and combat against human trafficking by preventing the unlawful use of child labour and forced labour.
- 6.4 Supervising sub-contractors and general contractors in the cooperation to combat drugs as well as the prevention and combat against human trafficking.
- 6.5 Cooperation with the Labour Protection and Welfare Department in the campaign against drugs and \ inspection of illegal labour at the workplace.
7. Activities of making and throwing EM balls under the project “Cleaning Home for Fish and Preserving Mangrove Forest with Thanulux public company limited” at Phra Chulachomklao Naval Dock Yard, Samut Prakarn on 7 and 22 March 2015.
8. The project “Generosity to Underprivileged Children” initiated by Children’s wear unit of Thanulux public company limited with the aims to offer lunch and scholarship to underprivileged children at Moo Baan Dek school, Meung district, Kanchanaburi on 11 May 2015.
9. Thanulux public company limited donated clothing and money to the casualties from earthquake in Nepal through the channel of 11th Infantry Division of Thai Army.
10. Ms. Dusadee Soontrontumrong, Deputy Managing Director, together with corporate social responsibility team, as a representative from Thanulux public company limited offered consumer goods to the Female Assuage Special Prison (Pathumthani) in the occasion of the Company’s 40th anniversary on 13 August 2015.

## 8. TNL Innovations Achieved Through Responsible Business Operations

The development of innovations is a key point in the Company’s vision. As a consequence, creativity has been instilled in the organization’s culture. Employees are encouraged to participate in continual innovative developments of Company operations and products every year. These innovations were submitted as candidates in the Chairman Awards for Saha Group Innovations.

In 2015, The 11th Chairman Awards 2015 was held in the 19th Saha Group Product and Innovation Exhibition. The Company submitted innovations in the contest and received a number of awards, namely 2nd Prize for Outstanding Product for the “Perfect Wrinkle Free” innovation used in men’s shirt products under the Arrow brand, 2nd Prize for System & Process for the “Sales Stimulation” innovation, Outstanding Prize for Petty Awards for the tag tying device, and a consolation prize for the innovation “Intelligent Work Storage Device”.

### Perfect Wrinkle Free

From past till present, Arrow men’s shirt products have continued to refine personalities and create lasting comfort for gentlemen. Therefore, in line with current ways of life and global warming, the qualities of “WRINKLE FREE “NO IRON” COTTON SHIRT” has been raised even further... handsome... without iron. This is possible with the “Perfect Wrinkle Free” innovation, involving the development of fabric from the stage of thread spinning creating a combination



Photographs from the Product and Innovation Exhibition at the 19th Saha Group Fair 2015



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## Royal Thai Silk: Blue Peacock, Daks Brand

This product raises the aesthetic value and pride of Thai silk to an international level. With standards accredited by the Department of Sericulture, Ministry of Agriculture and Cooperatives for Thai silk products produced by 100% Thai silk under the Royal Thai Silk: Blue Peacock brand, each peacock mark on the shirt carries a unique identification code.

The Royal Blue Peacock mark symbolizes Thai silk's uniqueness in terms of aesthetics. A product qualifying for a Blue Peacock mark must satisfy the quality assessment conducted by the Department of Sericulture. Silk threads must be made of pure Thai silk, which applies to all sections, and must be dyed by colours or chemicals that are safe and environmentally friendly. Quality must meet the prescribed standards and not have non-colourfast problems.

Products under the Daks brand are produced from the aforementioned Thai silk fabric. The fabric texture boasts a modern pattern, lively colors, beauty and sophistication. These apparel are suitable for both casual and special occasions.

## Extra Dry Innovation, “Rapid Dryness, Cool Comfort and High Breathability” under the Gentlemen’s Clothing Brand “Guy Laroche”

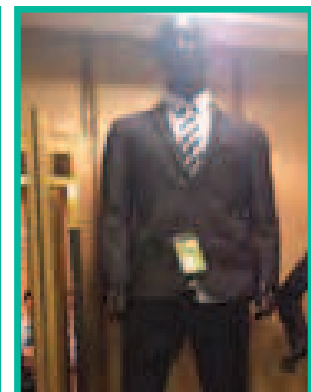
When purchasing gentlemen’s clothing, consumers tend to choose shirts made from natural fiber, in particular cotton fabric, which provides good comfort in all weather conditions. Cotton fabric boasts the quality of being an excellent absorbent. However, when in contact with perspiration, the water would be retained in the fabric, delaying the process of spreading and evaporation. As a result, the wearer could experience some discomfort.

The Guy Laroche gentlemen’s clothing brand has invented the Extra Dry innovation under the “Cool Innovation” mark which has been designed for heavy precipitation during Thailand’s rainy season. The fabric ventilates well, promoting a feeling of dryness and non-stickiness, as well as eliminating excess moisture.

## Environmentally Friendly Textile Product Development Project

The Company appreciates the environmental concerns and impact caused by the textile manufacturing sector. For this reason, the Company has participated in the “Texio” commercial scheme phase 2, which is a collaboration between the National Innovation Office, Ministry of Industry and the Thailand Textile Institute. This scheme aims to develop shirt products from biodegradable polylactide, or polylactic acid (PLA). The process involves weaving mixed fibers of PLA/Cotton as an industrial prototype which could then be applied to commercial production.

Motivated by environmental conservation trends, innovations have been invented from bio-plastic, polylactic acid (PLA), which are biodegradable. These qualities are environmentally friendly throughout the value chain of the manufacturing industry, from upstream to downstream. Raw materials are obtained from agriculture, which are renewable resources, such as corn, tapioca or sugarcane. The agricultural produce are used to manufacture fibers in lieu of plastics from petrochemical compounds. The manufacturing process emits less greenhouse gases. Most importantly, waste will be completely eliminated after use, without leaving harmful residue to the environment.



Photographs from the Seminar on “Bio-PLA: Business Opportunities and Manufacturing Technology”



## CSR award



### 30 January 2015

Thanulux PLC. received the Green Industry Certificate Level 2 for the category of activities to mitigate environmental impact pursuant to set goals (Thanulux Public Company Limited, Kabinburi Office).



### 9 June 2015

Thanulux PLC. received quality Certification for Thai Silk product from Queen Sirikit Department of Sericulture, Ministry of Agriculture and Cooperatives.



### 17 July 2015

Thanulux PLC. (head office) was awarded the distinction "Outstanding Workplace for Labour Relations and Labour Welfare (National Level)" for the Head Office for the third consecutive year.



### 17 July 2015

Thanulux PLC. (Lamphun branch) was awarded the distinction "Outstanding Workplace for Labour Relations and Labour Welfare (National Level)" for Lamphun Branch from Ministry of Labour.



### 3 August 2015

Thanulux PLC. (head office) received Safe Workplace Award honoring Her Royal Highness Princess Maha Chakri Sirindhorn from Ministry of Labour



### 3 August 2015

Thanulux PLC. (Lamphun branch) received Safe Workplace Award honoring Her Royal Highness Princess Maha Chakri Sirindhorn from Ministry of Labour



### 11 August 2015

Thanulux PLC. received Certification for Producing and Applying PLA in Textile Industry from NIA, THTI and Ministry of Industry



### 9 September 2015

Thanulux PLC. received the prestigious CSR-DIW Award 2015 from the Department of Industrial Works (Thanulux Public Company Limited, Head Office, Kabinburi Office and Lamphun Office).



### 12 November 2015

Thanulux PLC. was awarded environmental management standard accreditation ISO 14001:2004 for design and manufacture of menswear, women's wear, children's wear and leather goods from Bureau Veritas.



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