



# ANNUAL REPORT 2017

**THANULUX**  
PUBLIC COMPANY LIMITED

ปวงข้าพระพุทธเจ้า ขอน้อมเกล้าน้อมกระหม่อม

รำลึกในพระมหากรุณาธิคุณหาที่สุดมิได้

Transalation

Your loyal subjects humbly recall Your Majesty's boundless

And gracious kindness









MEN'S WEAR

ARROW  
»»»—————>  
USA • 1851

ARROW  
»————>  
EXCELLENCY

ARROW  
»————>  
GETAWAY

POSITIF+  
THE FASTER WE LIVE

bsc  
cool  
metropolis

  
HORNBILL  
INTERNATIONAL

COCO  
MANIA



# MEN'S WEAR

DAKS  
LONDON

Guy Laroche  
PARIS

GUY  
Guy Laroche

Guy Laroche  
INNERWEAR

icon

bsc  
ex





# LEATHER GOODS

HANDBAG

WALLET

BELT



Guy Laroche  
PARIS

ARROW  
USA • 1851

JEAN-LOUIS SCHERRER  
PARIS

DAKS  
LONDON

MORGAN  
MORGAN DE TOI

LOUIS FONTAINE

bsc

LOLLIPOPS  
PARIS  
Maison d'Accessoires



# WOMEN'S WEAR

DAKS  
LONDON

Guy Laroche  
PARIS

BARONNESS

MIX-SELF

ozone



# CHILDREN'S WEAR



**CADEAU**  
PARIS





# The Board of Directors



**Mr.Boonsithi Chokwatana**

Chairman of advisor to the board of directors



**Mr.Manu Leelanuwatana**

Advisor to the board of directors



**Mr.Supotch Pakaworawuth**

Director

Executive committee member

Managing Director

Risk Management Committee Member

**Mrs.Varindr Leelanuwatana**

Chairman

Chief Executive Officer

Nominating Committee Member

Remuneration Committee Member

**Ms.Dusadee Soontrontumrong**

Director

Executive committee member

Deputy Managing Director and CFO

Remuneration Committee Member

Governance Committee Member

**Ms.Marin Leelanuwatana**

Director

Executive committee member

Governance Committee Member

Deputy Vice President

Foreign Business Development Department

**Mr.Thamarat Chokwatana**

Director

Chairman of the Remuneration Committee

Nominating Committee Member





## Independent Director

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

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

**Assoc.Prof. Dr. Nipon Poapongsakorn**  
Independent Director  
Audit Committee Member  
Chairman of the Governance Committee

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จุดเด่นในรอบปี / Highlights of the year  
บริษัท ธนูลักษณ์ จำกัด (มหาชน) และบริษัทย่อย  
Thanulux Public Company Limited and Subsidiaries

ข้อมูลสำคัญ	SELECTED DATA	2017	2016	2015
<b>ฐานะการเงินและผลการดำเนินงาน (หน่วย: ล้านบาท)</b>	<b>FINANCIAL POSITION AND OPERATING RESULTS (Million Baht)</b>			
สินทรัพย์รวม	Total Assets	4,373	4,119	3,904
หนี้สินรวม	Total Liabilities	614	607	576
ส่วนของผู้ถือหุ้นของบริษัทใหญ่	Equity Attributable to Parent Company	3,757	3,505	3,318
รายได้จากการขาย	Sales	1,859	2,009	2,075
รายได้รวม	Total Revenues	2,003	2,133	2,228
กำไรขั้นต้น	Gross Profit	539	612	571
กำไรส่วนที่เป็นของบริษัทใหญ่	Profit Attributable to Owners of The Parent Company	152	205	173
<b>ข้อมูลต่อหุ้น (บาท)</b>	<b>Per Share Data (Baht)</b>			
มูลค่าที่ตราไว้	Par Value	1.00	1.00	1.00
มูลค่าหุ้นตามบัญชี	Book Value	31.31	29.21	27.65
กำไรสุทธิ	Net Earnings	1.27	1.71	1.44
ราคาตลาด	Market Price	22.00	24.00	25.00
เงินปันผล	Dividend	0.70	0.85	0.75
<b>อัตราส่วนทางการเงิน</b>	<b>Financial Ratios</b>			
<b>ความสามารถในการทำกำไร (%)</b>	<b>Profitability Ratios (%)</b>			
อัตรากำไรสุทธิ	Percentage of Net Profit	7.60	9.62	7.77
อัตราผลตอบแทนผู้ถือหุ้น	Return on Equity	4.19	6.02	5.24
<b>ความเจริญเติบโตของกิจการ (%)</b>	<b>Growth Rates (%)</b>			
อัตราการเพิ่ม (ลด) ของยอดขายสุทธิ	Percentage Increase (Decrease) of Sales	(7.47)	(3.21)	(4.48)
อัตราการเพิ่ม (ลด) ของกำไรสุทธิ	Percentage Increase (Decrease) of Net Profit	(25.91)	18.54	(16.78)
อัตราการเพิ่ม (ลด) ของสินทรัพย์รวม	Percentage Increase (Decrease) of Total Assets	6.17	5.50	(0.58)
อัตราการเพิ่ม (ลด) ของส่วนของผู้ถือหุ้นของบริษัทใหญ่	Percentage Increase (Decrease) of Equity- Attributable to The Parent Company	7.18	5.63	0.70
<b>สภาพคล่อง (เท่า)</b>	<b>Liquidity Ratios (Times)</b>			
อัตราส่วนสภาพคล่อง	Current Ratio	6.08	5.94	5.96
อัตราส่วนสภาพคล่องหมุนเร็ว	Quick Ratio	4.28	4.15	4.21
อัตราส่วนสภาพคล่องกระแสเงินสด	Liquidity of Cash Flow from Operation	0.60	0.93	0.49
<b>ประสิทธิภาพในการดำเนินงาน (%)</b>	<b>Efficiency Ratios (%)</b>			
อัตราผลตอบแทนจากสินทรัพย์	Return on Total Assets	3.58	5.12	4.42
อัตราผลตอบแทนจากสินทรัพย์ถาวร	Return on Fix Assets	40.14	52.46	46.83
<b>วิเคราะห์นโยบายทางการเงิน (เท่า)</b>	<b>Financial Policy Ratios (Times)</b>			
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt-Equity Ratio	0.16	0.17	0.17
อัตราส่วนความสามารถชำระดอกเบี้ย	Time Interest Earned	1,117.92	626.29	1,172.30
อัตราส่วนความสามารถชำระภาระผูกพัน	Leverage Ratio	0.34	0.61	0.33
อัตราการจ่ายเงินปันผล (%)	Payout Ratio (%)	55.22	49.68	51.96

\*\* ที่ประชุมคณะกรรมการบริษัท ครั้งที่ 1 / 2561 มีมติให้นำเสนอต่อที่ประชุมสามัญผู้ถือหุ้น ซึ่งกำหนดให้มีขึ้นในวันที่ 24 เมษายน 2561 เพื่ออนุมัติการจ่ายเงินปันผลหุ้นละ 0.70 บาท

\*\* The Board of Directors' Meeting No. 1/2018 has resolved to submit the agenda of dividend payment Baht 0.70 per share for approval at the General Shareholders' Meeting to be held on April 24, 2018

### Report of the Board of Directors

In 2017, thanks to the global economic recovery, Thai economy over expectedly grew for 4%: export value increased for 10%, and tourism continually expanded especially in Chinese market segment, which was more than the period before the crackdown on illegal tour agents. However, consumption and investment in private sector were slow while household debt was still high.

According to the assessment of government agencies and financial analysts, economic growth of Thailand, mainly from export and government investment, was expected to be at least 4%, aligning with the global economic growth forecast by World Bank.

The consolidated operating results in 2017 for the Company and subsidiaries generated a total revenue of Baht 2,002.71 million, a decrease of 6.13 percent from the previous year, with a net profit of Baht 152.11 million, a decrease of 25.91 percent from the previous year, but is in a position to continue paying dividends to shareholders. The financial standing and overall liquidity are satisfactory and stable.

The Company is committed to transparent business operations and fair treatment of all stakeholders adhering to good governance principles, combat corruption, social and environmental responsibility. For this reason, the Company appointed governance committee, carried out assessment and applied corporate governance code for listed company 2017 (C G Code 2017) according to the business. Regarding the operation, the company set the corporate core values “SMART” and promote it through seminars to top and middle management as well as change agent in order to prepare them to be active for changes in the near future.

The Company acquired a good governance evaluation grade of “very good” in the survey of listed companies for the year 2017 by the Thai Institute of Directors and received the CSR-DIW Continuous Award 2017 (social responsibility standard of industrial operator), **Green Industry Certificate Level 4 (Green Culture)** and **“Eco Factory: Eco Industrial Town in 4.0 era” award and trophy** from the Department of Industrial Works, Ministry of Industry.



## Audit Committee's Report

The Audit Committee has independently carried out their duties according to the scope as stated in the Audit Committee's Charter and accordance with the regulations and the good working guideline set by the Securities Exchange Commission and the Stock Exchange of Thailand

During the year 2017 the Audit Committee has 12 meetings in total. The attendance of each committee was summarized as follow:

		Attendance/Meetings
1) Mr. Padoong Techasarintr	Chairman of the Audit Committee	12/12
2) Assoc. Prof. Nares Kesaparakorn	Audit Committee Member	12/12
3) Mr. Krish Flollett*	Audit Committee Member	4/4
4) Assoc. Prof. Dr.Nipon Poapongsakorn**	Audit Committee Member	7/7

\* Mr.Krish Flollett has resigned from the company's director since April 25<sup>th</sup>,2017

\*\* Assoc. Prof. Dr.Nipon Poapongsakorn was appointed as the Audit Committee since May 11<sup>th</sup>,2017.

Moreover there were 4 meetings with the Management in order to discuss about the company's business operations. 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 2017 could be summarized as follows:

1. Review Financial Statement: The Audit Committee reviewed the key information of the quarterly and annually financial statements for the year 2017 of the company and its subsidiaries. This was to ensure that the financial statements of the company and its subsidiaries were correctly prepared in conformity with the laws and the enforcement of the current accounting standards with complete and sufficient disclosure of information and reliable. Moreover the Audit Committee had meetings with the external auditors without the participation of the Management in order to freely discuss about the key issues pertaining to the preparation of the financial statement, the internal control system for Accounting and Finance as well as their independency in reviewing and auditing.

2. Review the Internal Control Systems and the Internal Audit: The Audit Committee reviewed the assessment results of the internal control systems of both the operation and information technology reported by the Internal Audit department monthly and quarterly. The internal control system was sufficient and appropriate for the current business. It was consistent with the external auditors' opinion which reported that according to their review no significant errors which affect the company's financial statements were found. Additionally the risk control self-assessment guidelines (CSA: Control Self-Assessment) were established. This enables the company to manage and mitigate the risk and keep them at acceptable level. The anti-corruption guidelines for each systems were also set up.

3. The Audit Committee received a report from the Internal Audit department for every 3 months about the works in accordance with the Securities and Exchange Act including the regulations of the Stock Exchange of Thailand and the Office of the Securities Exchange Commission (SEC) as well as all the relevant laws. It was found that the company carried out their works according to the laws and regulations without any impact to the company's business.

## → The Business Operations

4. Reviewed the related transactions and/or transactions which might cause conflict of interests between the company and its subsidiaries as well as the relevant parties occurred during the year 2017. It was found that transactions were carried out according to the normal business. They were reasonable and for the highest benefits of the company. Additionally the disclosure of information and the works were in conformity with the resolutions of the Securities Exchange Commission and all the relevant laws were also monitored. The Internal Audit department was assigned to review the related transactions and report to the Audit Committee for their consideration every month before reporting to the company's board of director every quarter.

5. The Audit Committee reviewed and conducted self-assessment evaluation in accordance with the guidelines and the Audit Committee's Charter. According to the evaluation result the Audit Committee effectively carried out their duty under the boundary of the scope and responsibility as stated in the Audit Committee's Charter.

6. The company's board of directors and the management have given precedence to work in accordance with the good corporate principles, laws, regulations, rules and the code of conduct of the company. This was to enhance the confidence of the shareholders and the stakeholders. The Corporate Governance Committee was appointed by the company to ensure the effectiveness and efficiency of the good governance process. They were also asked to report the operating results to the company's board of directors.

7. The Audit Committee considered the appointment of the external auditors and had the same opinion with the management that the auditors from the ASV & Associates Limited worked in conformity with the accounting standards. They were independent, skillful, and knowledgeable and have appropriate experience. Therefore it was agreed to propose to the company's Board of Directors for further approval at the General Meeting of shareholders the appointment of Mr. Anusorn Kiatgungwalgri, a certified public accountant number 2109 or Mrs. Kwunjai Kiatgungwalgri, a certified public accountant number 5875 of the ASV & Associates Limited as the external auditors for the year 2018 at the fee of 996,500 baht which 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 perform the task of supporting the Board of Directors in selecting Company Directors. The Nominating Committee consists of 3 members, as follows:

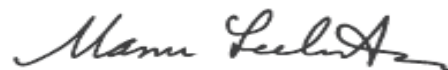
- |                               |                                      |
|-------------------------------|--------------------------------------|
| 1. Mr. Manu Leelanuwatana     | Chairman of the Nominating Committee |
| 2. Mrs. Varindr Leelanuwatana | Member of the Nominating Committee   |
| 3. Mr.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

In 2017, the Nominating Committee held 2 meetings and fulfilled its assigned duties as provided in the Nominating Committee Charter. The Nominating Committee has the duty of selecting suitably qualified persons from a variety of professions in accordance with selection rules, Company Articles and relevant laws, to take the position of Company Director. In any event, the Company has given an opportunity for shareholders to nominate persons for selection as Company Directors prior to the Annual General Meeting of Shareholders in 2017. No shareholder, however, nominated any person for selection as Company Director.

In the Annual General Meeting of Shareholders in 2017, there were three Directors completing their term, namely Mr. Padoong Techasarintr, Mr. Krish Follett and Ms. Dusadee Soontrontumrong. However, Mr. Krish Follett expressed his intent to decline taking office for another term, only 2 nominations were made, namely, Mr. Padoong Techasarintr and Ms. Dusadee Soontrontumrong. The selections were made upon consideration of individual qualifications, knowledge, competence, expertise and performances of the Directors completing terms as well as the person nominated for selection as Company Directors.

The Nominating Committee further considered the structure of committees, the allocation of functions to Directors and company committees, in order to promote good governance and efficient management in line with changing circumstances. The Nominating Committee has performed its assigned duties prudently and reasonably.

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. Thamarat Chokwatana, Chairman of the Remuneration Committee
2. Mrs. Varindr Leelanuwatana, Remuneration Committee Member
3. Miss Dusadee Soontrontumrong, Remuneration Committee Member

The Board of Directors Meeting No.3/2017 held on 11<sup>th</sup> May 2017 has resolved to nominate Mr.Thamarat Chokwatana as Chairman of the Remuneration Committee in replace of Mr.Boonsithi Chokwatana, which expired by the term.

In the year 2017, 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. In addition, the Committee has reviewed the Charter of the Remuneration Committee and found that it is appropriate for the current situation.

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.

On behalf of the Remuneration Committee



(Mr. Thamarat Chokwatana)

Chairman of the Remuneration Committee

## Risk Management Committee's Report

Being fully aware of how important risk management is, the Board of Directors of Thanulux PCL. has appointed 6 risk management committee comprising Mr. Krish Follett as a Chairman, Mr. Supotch Pakaworawuth, Mr. Suchart Layluxsiri, Dr. M.L. Sirapirom Teeraprasert, Mr.Kanokchai Mingquanpiyakul as a member and Miss Sunee Kongsong as a member and secretary.

The duty of the committee are, firstly, to develop and regulate Company risk management policy by aligning with corporate strategies and objectives. The second responsibility involved promoting, in all employee levels throughout every corporate units, the understanding and an ability of risk assessment: very high, high, moderate or low before devising an action plan as well as risk control and risk management plan under the agreed concept, in order to achieve the corporate strategic objective of having risk management as all employees' responsibility.

Enterprise Wide Risk Management aimed to improve the Company performance and effectiveness by following up, setting up framework and methodology as well as various tools for the employees' use to carry out risk assessment and risk management based on their responsible activities.

In 2017, the Risk Management Committee held 8 meetings to monitor and review risk assessments of each unit within The Company which could be summarized as follows:

1. Reviewing the Risking Management Committee Charter to ensure comprehensiveness and coverage of all areas in line with the Strategic Objectives of Business Plan. The objective was to ensure an increase in business potential through value added by effective risk management.
2. Approval and authorization of risk scope reviewed, such as strategic risk, market risk, credit risk, operational risk, fraud risk and external risk.
3. Monitoring of risk assessments in all operational systems and oversight of analyses of impact resulting from changes in economic, social, political, natural disaster actors, along with giving advice to working groups as well as reviewed and setting strategies for managing risk accordingly the changing circumstances.
4. Oversight of the Company's risk management by determining key factors which could affect the Company, in line with strategic objectives. Joint meetings were held with relevant units on a quarterly basis to monitor compliance with the Action Plan. This was stated in the Company Risk Management Planned. Advice was also given for the enhancement of the Company's risk management efficiency.

Hence, the Risk Management Committee confidently assured that the Company has continually and effectively managed risk. The operations were in line with a good corporate governance guideline. Internal control systems were also sufficient and suitable to the business The Company has fully complied with relevant laws and regulations. These undertakings have strengthened the Company and advanced preparation in all aspects. This would enable the Company to manage risk and maintain sustainability for the indeterminable future.



Mr. Krish Follett

Chairman of the Risk Management Committee

### Governance Committee's Report

The board of Directors of Thanulux Public Company Limited recognized the importance of good governance. Therefore, board of corporate governance committee was appointed on 11 May 2017, consisting of:

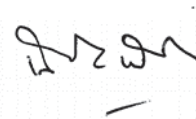
- |                                       |                                      |
|---------------------------------------|--------------------------------------|
| 1. Assoc.Prof. Dr.Nipon Poapongsakorn | Chairman of the Governance Committee |
| 2. Ms.Dusadee Soontrontumrong         | Governance Committee Member          |
| 3. Ms. Marin Leelanuwatana            | Governance Committee Member          |
| 4. Ms. Yupaporn Jearrakul             | Governance Committee Member          |

As assigned from the board of directors, board of governance committee carried on the duties according to the governance code. The support regarding good governance was provided to the board of directors to raise value of the company, to bolster investors' and stakeholders' confidence and to conduct long-term sustainable business.

In 2017, board of governance committee arranged 2 meetings to report and monitor assigned tasks. All 4 committees attended both meetings. The outcomes can be summarized as follows:

1. By complying with "Corporate Governance Code for Listed Company 2017", Governance Code was developed as a guideline for all employees' practice.
2. The governance Committee studied and applied to the business The "Corporate Governance Code for Listed Company 2017" by the Stock Exchange of Thailand. In 2017, the Committee took a class of Governance Code for Listed Company 2017 thought by a specialist of the field, Thanakrit Permpoonkhuntisook.
3. The board was reviewing and formulating the company's principles of corporate governance which included corporate governance policy, ethics in business conducting, anti-corruption policy, and integrity of board of directors, managers and all employees, in accordance with "Corporate Governance Code for Listed Company 2017" by the Stock Exchange of Thailand.
4. Advised to the management, incorporate with the Board of Directors, reviewed the past performance together with the mission to come up with new business strategies.
5. The practice of corporate governance was monitored and encouraged to all employees. As a result, the Company got certified as "Excellent" by CG Scorecard for listed company 2017.
6. The governance committee monitored the Anti-corruption sub-committee. Corruption assessment, together with evaluation of the impact, was carried out in all departments. Also, the advice was given to anti-corruption committee so that they reviewed and adapted the strategies to manage risk according to the situation.

The governance committee believed that the company that conducted business with good governance, anti-corruption policy, and strong determination to continuously develop, will perform effectively and also acquire the confidence and trust from all groups of stakeholders, which was the foundation for long-term sustainability.



( Assoc.Prof. Dr.Nipon Poapongsakorn )  
Chairman of the Governance Committee



## Executive Committee's Report

The Board of Directors has appointed an Executive Committee to administer the operations of the Company as provided by the Executive Committee Charter. In 2017, the Executive Committee held a total of 12 meetings to fulfill its assigned duties, a summary of which could be stated as follows:

1. Proposal of targets, business strategies and annual plan to the Board of Directors.
2. Approval of investment budgets pertaining to manufacturing technology, information technology and human potential development in order to boost the Company's competitiveness.
3. Promotion of employee continual innovations as regards products, services and work processes. The Thanulux Innovation Award Contest is held annually. Selected works are submitted to the Chairman Award Contest. Domestic and foreign trademark and patent registrations are also encouraged.
4. Ensure accurate, complete and timely financial reporting for submission to the auditor for audit and/or review prior to presentation to the Audit Committee and the Board of Directors respectively.
5. Monitoring of the financial status and overall performance, domestic and foreign market conditions and competition on a monthly basis in order to evaluate and modify strategies in response to changing circumstances.
6. Examination of connected transactions and the acquisition and disposal of assets with caution, prudence and reason in terms of price and other relevant conditions. The interests of the Company and shareholders are primarily upheld. An interested director would not participate in the decision-making process. After consideration, the matter would be referred to the Audit Committee and Board of Directors for approval in the event of a transaction within the scope requiring approval from the Board of Directors.
7. To consider and approve the various agendas for the meeting of shareholders for submission to the Board of Directors.
8. Reviewed the existing Charter for the Executive Committee and the Powers, Duties and Responsibilities of the Managing Director also internal procedures, in order that all these operating guidelines remain appropriate and relevant to the current situation.
9. Acknowledge the performance evaluation of the Executive Committee for improvement of performance of the Executive Committee to be more effective.
10. Acknowledge the report of the Company Shareholdings by the Company's directors and management, to comply with the conflict of interest policy.

The Executive Committee is committed to performing duties in pursuance of targets under the set action plan with prudence, transparency, accountability, social and environmental conscience, with a view to stable and sustainable growth.

On behalf of the Executive Committee



(Mrs. Varindr Leelanuwatana)

Chairman of the Executive Committee

## 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 Thainess, the red color symbolizes good fortune and the arrow pointing towards the sky represents fashion trends moving forward.

### Vision

“Being a customer’s first choice in creating innovative and quality goods and services.”

### Mission

- To strive 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 together with well remuneration.
- 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 benefits.

### 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 Vasanasing, 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 200<sup>th</sup> 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 Saha Group Industrial Park, Sriracha, and expanding to Saha 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 Saha Group Sriracha 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 Saha 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 the Group have become development partners for acquiring high quality raw materials to replace former raw materials, thus differentiating goods from competition and creating competitiveness.

- 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 wears 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 - 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.

### Fifth Decade: Value-Based Economic (2016 – 2025)

Thailand is entering the 4.0 era which focusses on the use of technology, innovation and creativity to drive the economy. This approach promotes stable, prosperous and sustainable development. The Company has always appreciated the significance of such factor. Due to the highly competitive trading environment, the Company must build a competitive edge by collaborating with customers in conducting market surveys and consumer behaviour research to obtain knowledge of consumer demand and cooperate with upstream industrial allies in the development of raw materials. Products are created to truly meet those consumer demands. In any case, the Company promotes employee creativity and innovation and the development of products and services, as well as the efficiencies of work processes. The Thanulux Innovation Award Contest has been held annually since 2007. Selected works are submitted to the Saha Group Chairman Award and encourage registration of trademarks and patents domestically and internationally.

- 2016 - The Company and companies in the Saha Group entered into a joint venture with World Co., Ltd., a leading Japanese company in the retail and wholesale apparel business in order to establish a company named “World Saha Fashion Company Limited” in Thailand. The company operates businesses relating to the distribution of apparel under the trademark “Takeo Kikuchi”, a renowned brand in Japan. The registered capital of the company is Baht 50 million.
- 2017 - Opening of Thanulux Public Company Limited, Mae-Sot Branch, Tak Province, to expand manufacturing capacity for leather goods.
  - Entrusted to distribute high-quality shirt from Germany under the trademark “Olymp”

For over 40 years, the Company has been committed to the philosophy of ethical business conduct espoused by the Saha Group Chairman, Dr. Thiem Chokwatana, namely integrity, honesty, transparency, accountability, regard for all stakeholders as well as the society and environment. The Company applies good governance principles, internal control and audit, evaluation of internal and external risk factors and management of risks to maintain acceptable levels. As a consequence, the Company was recognized as a member of the Coalition Against Corruption on 14<sup>th</sup> October 2016. It is expected that this development would enable continued sustainable growth.

### 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, Head Office and Lamphun Branch”
- 2016 - Awarded the distinction “Outstanding Workplace for Labour Relations and Labour Welfare (National Level)” for the Head Office for the fourth consecutive year.
  - Awarded the distinction “Outstanding Workplace for Labour Relations and Labour Welfare (National Level)” for Lamphun Branch for the second consecutive year.
  - 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.
- 2017 - Certified the distinction “Outstanding Workplace for Labour Relations and Labour Welfare (National Level)” for the Head Office for the fifth consecutive year.
  - Certified the distinction “Outstanding Workplace for Labour Relations and Labour Welfare (National Level)” for Lamphun Branch for the third consecutive year.
  - Certified the distinction “Outstanding Workplace for Labour Relations and Labour Welfare (Provincial Level)” for Kabinburi Branch for the first year.
  - Received a standard accreditation for prevention and remedy of narcotic drug problems at the workplace of Thanulux Public Company Limited Lamphun Branch.

### Thai Red Cross Society

- 2015 - Received honors from Her Royal Highness Princess Soamsawali as an agency supporting blood donation activities for 3 consecutive years.

### 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 60th 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 compliant with good governance principles on the environment.

## → The Business Operations

- 2015 - Received the prestigious CSR-DIW Award 2015 from the Department of Industrial Works (Thanulux Public Company Limited, Head Office, Kabinburi Branch and Lamphun Branch).
- 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 Branch)
- 2016 - Honorary Award, CSR-DIW Continuous 2016, for social responsibility of industrial operators, Head Office, Lamphun Branch and Kabinburi Branch, from the Ministry of Industry for the second year..
- 2017 - Honorary Award, CSR-DIW Continuous 2017, for social responsibility of industrial operators, Head Office, Lamphun Branch and Kabinburi Branch, from the Ministry of Industry for the third year.
- The Kabinburi Branch of Thanulux Public Company Limited received the **Green Industry Certificate Level 4 (Green Culture)** for the environmental friendly operation in all aspects participated by entire staffs and becoming organization culture.
- The Kabinburi Branch of Thanulux Public Company Limited received “**Eco Factory: Eco Industrial Town in 4.0 era**” award and trophy for being a factory with eco-sustain development.

### Ministry of Energy

- 2017 - Certified an honorary shield as a role model workplace for human resource development: practical training to improve efficiency of energy consuming in boiler system.

### 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

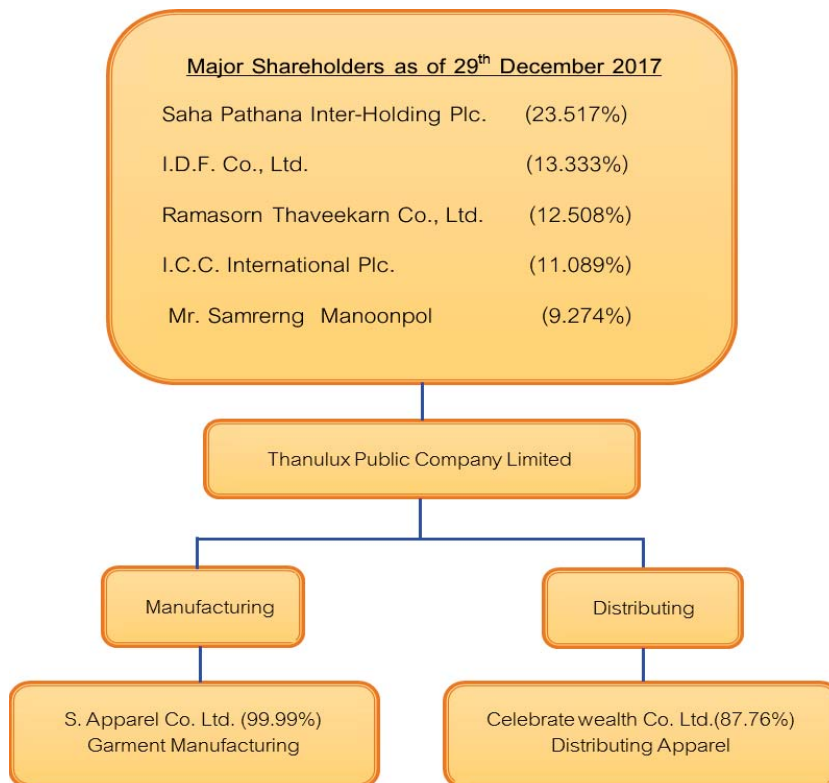
- 2007 - Received an outstanding product innovation award for "Cottazilk" in the Saha Group Innovation Contest 2007. This innovation was realized through the integration of cotton and Thai silk fibers, in which the Company had played a collaborative role from its development in upstream industries, i.e. silk spinning, weaving and adornment into textiles, and finishing into garments
- 2011 - Received royal accreditation of Thai silk standard ‘Thai silk blend’ for Cottazilk fabric under trademark Daks.
- 2013 - Certified a **Carbon Footprint** label for the shirt, Brand ARROW Style AY 630 from the Greenhouse Gas Management Organization (Public Organization) in collaboration with the Thai Textile Institute
  - Certified 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 - Certified an **Environmental Footprint** label for the shirt, Brand ARROW Style AY 630, from the Thailand Textile Institute.
  - 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.
- 2015 - Received royal accreditation of Thai silk standard ‘Thai silk’ for 100% silk fabric fabric under brand Daks.
- 2016 - Accreditation of Cool Mode standard for 100% Cotton Knitted TRI003 by the Greenhouse Gas Management Organization (Public Organization) in collaboration with the Thai Textile Institute.

- 2017 - Certified for the electric saving “Label No.5” for shirt from the project of Electricity Saving type shirt of Electricity Generating Authority of Thailand.

### Management Standardisation

- 2002 - Awarded quality accreditation ISO 9001:2000 for designs and manufacturing of garments and leather goods from Bureau Veritas Certification (Thailand) Ltd. (BVQI)
- 2010 - Awarded quality accreditation ISO 9001:2008 for design and manufacturing of garments and leather goods from Bureau Veritas Certification (Thailand) Ltd. (BVQI)
- 2015 - 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 Certification (Thailand) Ltd. (BVQI)
- 2017 - Certified quality accreditation ISO 9001:2015 for design and manufacturing of garments and leather goods from Bureau Veritas Certification (Thailand) Ltd. (BVQI)

### Shareholding structure for companies under Thanulux Group



The Company has 2 subsidiaries, namely

#### **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.

#### **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.



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### 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.

### 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 29, 2017

Name of Company	Proportion of Shareholding (%)	
	The Company's Shareholding in Other Company	Other Company's Shareholding in the Company
1. Shareholdings exceeding 50%		
(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	99.998	-
2. Celebrate Wealth Co., Ltd.	87.76	-
(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 two subsidiary companies as (b) do not have cross-shareholding	-	-
2. Shareholdings exceeding 25% but not exceeding 50%		
(A) Other company holding > 25% but < 50% of the Company's shares; the Company's cross-shareholding in the other company must not exceed 10%.	-	-
(B) The Company holding > 25% but < 50% of other company's shares; the other company's cross-shareholding in the Company must not exceed 10%.	-	-
3. Shareholdings not exceeding 25% *		
(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	0.97	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%.	-	-

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 distributes of finished garments and leather products under licensed international trademarks and Company own-brands that are renowned domestically and Export.

In 2017, the proportion of domestic to foreign distributions is 70 : 30.

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.

### Company's Products:

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, **Takeo Kikuchi**, **Olymp**, 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.

### Group Revenue Structure

#### Revenue of the Company and Subsidiaries

Divided by the operator				(Unit: Million Baht)				
Product	Operated By	% of Shareholding	2017	%	2016	%	2015	%
Fashion Goods	Thanulux PLC.	-	1,699.93	91.46	1,782.24	88.72	1,808.23	87.13
Fashion Goods	S. Apparel Co. Ltd.	99.999	7.88	0.42	44.95	2.24	72.17	3.48
Fashion Goods	Celebrate wealth Co. Ltd.	87.76	150.87	8.12	161.10	8.02	160.01	7.71
Total Sales Revenue			1,858.68	100.00	2,008.76	100.00	2,075.35	100.00

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Divided into Sources of Revenue

(Unit: Million Baht)

Product	Sales Revenue	2017	%	2016	%	2015	%
Fashion Goods	Domestic	1,295.71	69.71	1,338.59	66.64	1,378.06	66.40
Fashion Goods	Export	562.97	30.29	670.17	33.36	697.29	33.60
Total Sales Revenue		1,858.68	100.00	2,008.76	100.00	2,075.35	100.00

### Company Revenue Structure

(Unit : Million Baht)

Sales Revenue	2017	%	2016	%	2015	%
Finished garments	1,062.20	60.15	1,101.44	59.44	1,160.09	61.08
Leather goods	703.80	39.85	739.21	40.56	739.28	38.92
Total	1,766.00	100.00	1,840.65	100.00	1,899.38	100.00

## Marketing

### Domestic Market

#### Marketing Strategy

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, under the concept of “**Cool Innovation**”, the company offered to customers the innovative “**Extra Dry**” apparel made from natural fabric like cotton which was comfortable and suitable for all kinds of weather. Another characteristic of cotton was moisture absorption which, however, made the wearers feel uncomfortable when their sweat was trapped inside fabric. With this in mind, “**Guy Laroche**” trademark came up with the innovation called “Extra Dry” that helped to spread the moisture absorbed in the fabric so that it could evaporate quickly. This idea suited the weather in Thailand, which was warm and humid in summer with heavy rain during rainy season, because the fabric itself was breathable, comfortable and dry.

**Extra Stretch** was a fabric composition development of cotton and spandex in order to response to the new generation’s needs of comfort and flexibility in daily activities. Featuring the slim shape that bolstered personality and confidence, “Extra Stretch” products were offered to the young customers under “**Guy Laroche**” trademark.

**Arrow Fresh** was an Arrow shirt with distinguish attribute made from special innovative fiber. In collaboration with Erawan Textile Co., Ltd, an affiliate under Saha group, Thanulux developed a “Zinc Nano” fiber with the versatile property of anti-bacteria, anti-odor, durability, moisture management, quick-dry, and environmental friendliness (as the chemical will not dissolve after wash).

**Arrow Flex** is another Arrow shirt with stretchable fabric that didn’t only provide comfort but also flexibility. Thanks to special weaving technique, the fabric had high stretch recovery and was not shrunken or stretched after wash.

**Absorba Natural Soft & Shine Plus II** was a product made from high quality fabric. The fiber was carefully selected, brushed and then woven into yarn, without any chemicals used. As a result, the fabric was soft, smooth, light, comfortable, chemical-free, naturally shiny despite after many times of wash, and most importantly, irritation-free which suits sensitive skin like that of baby.



**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.

**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 and Community Mall.
4. Direct sales to customers making uniform tailoring orders, i.e. private companies, financial institutions, government agencies and state enterprises.

### Foreign Markets

#### Marketing Strategy

**1. Product Aspect** Focus is 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 visit 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

In 2017 Thai economy grew for 4% over expectedly, due to the global economic recovery. The export value increased for 10%, and tourism continually expanded especially in Chinese market segment, which was more than the period before the crackdown on illegal tour agents. However, consumption and investment in private sector were slow while household debt was still high. There was also the issue of Thai Baht appreciation in the higher extent than other currencies in South East Asia region. This was due to the uncertain tax reform policy of the US and the tendency of Federal Reserve (US central bank) to increase interest rate.

## → The Business Operations

According to the assessment of government agencies and financial analysts, economic of Thailand in 2018 is expected to grow better, aligning with the global economic growth forecast by World Bank, mainly from export and government investment. However, there were still the risks from economic stimulus, monetary policy of the US, and also tension of political geography in Korean peninsula and Middle East.

Trend of textile and garment industry in Thailand for the domestic market was expected to be positive because of the nation's economic recovery. The same result was forecast for export as the world economy was getting healthier. However, there remained a threat of lesser purchase from key business partner countries who favored importing from the countries having Generalized System of Preferences (GSP). The entrepreneur should therefore develop innovation to reduce cost, increase value, and create a quality product that responded to market demand.

### 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, Takeo Kikuchi, Olymp, 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.	1604(2)/2550	1627(2)/2554	1628(2)/2554
2. Dates of promotional certificates	18/6/07	31/5/11	31/5/11
3. The first receiving revenues dates	1/10/07	4/5/11	2/9/11
4. The type of business promoted	Leather products or artificial leather	Textile or fragment	Leather products or artificial leather

1. Promotional certificates No.	1604(2)/2550	1627(2)/2554	1628(2)/2554
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 (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 (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 (Expired on 15/12/16)	5 years	5 years
5.4. Double deduction of expenses for utilities (electricity, water and transportation) for the year.	10 years (Expired on 30/09/17)	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.

## 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	129/1 Chongnonthri Road,	Garment	883,200
Company Limited	Chongnonthri,Yannawa, Bangkok	Leather goods	360,000
	99/3 Moo 5 Saha Group	Leather goods	816,000
	Industrial Park-Lamphun, Paa-sak, Muang Lamphun, Lamphun		
	125 Moo 5 Saha Group	Garment	1,140,000
	Industrial Park-Kabinburi, Suwannasorn Road, Nonthri, Kabinburi, Prachinburi		
S.Apparel Co., Ltd. (Subsidiary company)	4/2 Moo 8 Bangna-Trad Road Km.18, Bangchalong, Bangplee, Samutprakarn	Garment	210,000
Total			3,409,200

## → The Business Operations

### Production capacity and actual production separated by product category

	Subsidiary company			Thanulux Public Company Limited		
	2017	2016	2015	2017	2016	2015
Production capacity (unit)						
Finished garments	210,000	300,000	420,000	2,023,200	2,539,200	2,539,200
Leather goods	-	0	0	1,176,000	1,392,000	1,392,000
Total	210,000	300,000	420,000	3,199,200	3,931,200	3,931,200
Actual production (unit)						
Finished garments	167,814	286,094	338,160	1,969,609	2,064,265	2,266,145
Leather goods	-	0	0	1,091,437	1,129,463	1,094,782
Total	167,814	286,094	338,160	3,061,046	3,193,728	3,360,927
Capacity utilization (%)	79.91	95.36	80.51	95.68	81.24	85.49
Output increase (decrease) (%)	(41.34)	(15.40)	(8.49)	(4.15)	(4.97)	(0.99)

### 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 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 2016 saw only minor changes. Nevertheless, upstream operators in the group have shown competence in managing the price of fabric and raw materials to normal levels. Also, the Company has 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 International Standard 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 has the duty of overseeing the risk management of the organization in accordance with the inherent risk, formulating the risk management policy and assessing internal and external risk affecting the organization. Then risk management processes are determined and action plans to mitigate risk are formulated. The Risk Management Committee submits a quarterly progress report to the Board of Directors, which can be summarized as follows.

### 1. Management of Distribution Channels

#### Domestic

The Company operates the business of manufacturing finished garments and leather goods. Purchase volumes are derived from key trading partners and distributions through department stores. In the event that such trading partners are affected by economic, political, competitive conditions or other factors, the Company's sales volume could potentially decrease. An action plan has therefore been formulated, as follows:

1) Collaboration with trading partners to increase distribution channels, such as TV Shopping and online sales. Focus is given to the development of goods, forms, quality and price in line with the demand of target groups in each channel.

2) House Brand products are sold directly to consumer in free standing stores and Factory Outlets. Special services are also provided for the design and production of uniforms as alternative distribution channels.

#### Export

The Company was aware of the potential impact of the solely relying on the sale of products to major overseas clients, despite a healthy and long relationship, may bring about disadvantageous effects in case they had slow turnover due to economic conditions.

Therefore, the Company implemented a policy to shift more sales mix to others potential clients and to search for new customers in both existing and new markets.

### 2. Survey of changing consumer behavior

Current consumer behavior has changed considerably. Consumer lifestyle in the present era, the advances technological and novel and rapid forms of communication, as well as businesses and services influencing consumer spending based on popularity have resulted in more meticulous spending and more intense competition. Thus, the following Action Plan has been formulated.

1) Collaboration with trading partners in conducting surveys of consumer behavior and organization of focus groups comprising customer in order to survey customer opinions, levels of satisfaction and various demands, before manufacture and after distribution of goods. The information obtained are applied to the development of new products that would meet the needs and are consistent with consumer behavior in all age groups, lifestyles, both in terms of function and fashion based on good quality products.

2) Importance is given to customer satisfaction. Hence, new innovations are created along with continual surveys of consumer behavior and needs in order to ensure that products are developed in line with consumer needs.

### 3. Management of Exchange Rates

The Company had a business function to export the goods as well as import materials, machines and equipment, which can be affected from currency exchange rate fluctuation. The Risk Management Working Group has formulated the following exchange rate management policy:

1) Purchasing and selling of goods in several foreign currencies in order to spread risk. In the case where the Company purchased raw materials from overseas and sold goods to other countries using the same currency, a balance of receipts and payments would be managed as a natural hedge.

2) Thereafter, financial instruments in the futures market would be employed in order to protect risk. Forward contracts for the purchase or sale of foreign currency would be entered into as appropriate at a particular time. News concerning currency values are closely monitored in order to detect trends and manage such risk.

#### **4. Investments in Financial Markets**

The Company invests in financial markets, e.g. government bonds, state enterprise bonds, deposits in commercial banks or specialized financial institutions, debentures and debt instruments, including investment units in mutual funds. The objective is to manage the Company's investments to achieve the target risk-return profile. An Asset-Liability Management Committee has been established to determine the investment criteria and manage investments, as well as to oversee the Company's liquidity in accordance with the set rules efficiently and effectively.

#### **5. Management of Personnel to Maintain Competitiveness**

In order to keep up with fast-changing world where the economy, and society together with technology are continuously and vigorously adapting, the business strategies, methodology, approach, organization chart, and work system needed to be changed and improved in order to comply with business direction. Regarding personnel management, the Company modified organization chart to flat organization by shortening hierarchy and combining departments to increase work effectiveness, which accelerated the business and ensured that the strategic goal will be achieved.

The Company appreciates the importance of management and development of human resources in line with the organization's growth and in preparation for internal and external changes of the organisation. Therefore, a plan for the administration of human resource management risks has been formulated, as follows:

- 1) Recruitment and selection of knowledgeable and competent personnel in key positions.
- 2) Enhance Executives' potential, assign successor and create and develop successors at each work unit.
- 3) Maintaining personnel by giving opportunities to express their potentials and performance. Responsibilities are assigned and expanded along with self-development schemes and the determination of a suitable career path and remuneration.

#### **6. Compliance with Regulations, Articles and Relevant Laws**

The Company's domestic and foreign business operations are subject to regulations, articles and relevant laws. Any violation could have an impact on the operations and reputation. The Company, therefore, attaches importance to compliance with regulations, articles and laws governing the various operations, including newly enacted laws.

In any case, the Company has a legal unit which performs the duties of overseeing and monitoring legal provisions which affected business operations and legal compliance, including the dissemination of knowledge and understanding to people in the organization on a regular basis.

## General information and Reference

### General Information

Thanulux Public Company Limited Registered No. 0107537001358

Type of Business : Manufacturer of garment and leather goods

Head Office : 129/1 Chongnonthri Road, Chongnonthri, Yannawa, Bangkok 10120

Homepage : [www.thanulux.com](http://www.thanulux.com)

TEL. : 0-2295-0911-9, 0-2295-4171-80

FAX : 0-2294-5101, 0-2294-5918, 0-2294-0794

Customer Relation Center : 0-2295-0911-9, 0-2295-4171-80

E-mail : Company Secretary and Investor Relations : [supachoke@thanulux.com](mailto:supachoke@thanulux.com)  
 Internal Audit Department : [audit@thanulux.com](mailto:audit@thanulux.com)  
 Customer Relation Center : [crcenter@thanulux.com](mailto: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](mailto: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

## → The Business Operations

### 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. <b>Celebrate Wealth Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2294-9505 Fax : 0-2294-9506	Apparel	Ordinary	850,000	746,000	87.76	69,235,995.20
2. <b>Miwaki SDN. BHD.</b> 37B, Jalan SS22/23, Damansara Jaya, 47400 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel : (03) 719-4381 Fax : (03) 719-5399	Apparel	Ordinary	1,000,000	190,000	19.00	2,481,039.21
3. <b>Miwaki Philippines, Inc.</b> 25/F Yuchengco Tower, RCBC Plaza, 6819 cor. Ayala & Sen. Gil Puyat Avenues, Makati City, Philippines 1200 Tel : (632) 753-4791-2 Fax : (632) 753-4794	Apparel	Ordinary	20,800,000	3,952,000	19.00	3,317,590.00
4. <b>World Saha Fashion Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2294-2250 Fax : 0-2294-2251	Apparel	Ordinary	50,000	9,500	19.15	9,500,000.00
5. <b>International Commercial Coordination (Hong Kong) Limited</b> Room 408, 4/F., Hope Sea Industrial Centre, 26 Lam Hing Street, Kowloon Bay, Kowloon, Hong Kong Tel : (852) 2756-5622 Fax : (852) 2753-8631	Apparel	Ordinary	50,000	7,200	14.40	3,822,438.85



Company Name/Address	Type of Business	Type of Share	Issued Shares	Shares Hold	% of Shares Hold	Amount (Baht)
<b>6. Wise Winner Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Clothing and Sporting Goods	Ordinary	100,000	18,000	18.00	1,800,000.00
<b>7. Morgan De Toi (Thailand) Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-1737, 0-2295-1730 Fax : 0-2294-1757	Apparel	Ordinary	400,000	64,000	16.00	6,400,597.59
<b>8. Paknumpo Wattana Co., Ltd.</b> 310/47-50 Sawanvithi Road, Paknumpo, Muang, Nakornsawan Tel : (056) 222-354, 223-683 Fax : (056) 223-683	Apparel	Ordinary	10,000	1,400	14.00	1,037,442.00
<b>9. Intanin Chiangmai Co., Ltd.</b> 162/2 Changklan Road, Changklan Muang, Chiangmai Tel : (053) 274-514-15, 282-598-9 Fax : (053) 282-358	Apparel	Ordinary	5,000	625	12.50	2,781,362.50
<b>10. Koraj Wattana Co., Ltd.</b> 3/44-47 Troksoathong, Mukamontree Road, Muang, Nakhonratsima Tel : (044) 253-772 Fax : (044) 261-556-9	Apparel	Ordinary	10,000	1,250	12.50	1,527,575.00
<b>11. Sun &amp; Sand Co., Ltd.</b> 74/220-224 Phoon-pon Road, Muang, Phuket Tel : (076) 213-137, 223-984-5 Fax : (076) 213-137	Apparel	Ordinary	10,000	1,250	12.50	1,498,637.50

## → The Business Operations

Company Name/Address	Type of Business	Type of Share	Issued Shares	Shares Hold	% of Shares Hold	Amount (Baht)
12. Intersouth Co., Ltd. 229-231 Dhamnoonvithi Road, hadyai Songkhla Tel : (074) 243-850, 245-019 Fax : (074) 356-339	Apparel	Ordinary	10,000	1,250	12.50	4,285,612.50
13. Eastern I.C.C. Co., Ltd. 90/5-6, 8 Moo 4, Pipit Road, Bangsai, Muang, Cholburi Tel : (038) 285-194 Fax : (038) 285-194	Apparel	Ordinary	10,000	1,250	12.50	2,938,062.50
14. Maharachapreuk Co., Ltd. 470/7 Praaongdam Road, Muang, Phitsanulok Tel : (055) 212-288-90 Fax : (055) 212-288	Apparel	Ordinary	10,000	1,200	12.00	415,584.00
<b>SERVICE COMPANIES</b>						
1. SSDC (Tigertex) Co., Ltd. 111 Moo 5, Nonthri, Kabinburi, Prachinburi Tel : (037) 281-930, 281-932 Fax : (037) 281-937	Bleaching, Dyeing Fabric and Yarn	Ordinary	32,400,000	6,144,600	18.96	68,634,718.97
<b>MANUFACTURING COMPANIES</b>						
1. S. Apparel Co., Ltd. 4/2 Moo 8, Bangna-Trad Rd., KM.18 Bangchalong, Bangplee, Samutprakarn Tel : 0-2337-1657-8 Fax : 0-2337-1659	Garment	Ordinary	180,000	179,998	99.998	30,483,098.27
2. Total Way Image Co., Ltd. 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Leatherware	Ordinary	200,000	38,000	19.00	7,132,316.93

Company Name/Address	Type of Business	Type of Share	Issued Shares	Shares Hold	% of Shares Hold	Amount (Baht)
<b>3. Thai Monster Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Garment	Ordinary	50,000	9,500	19.00	5,548,942.47
<b>4. Thai Naxis Co., Ltd.</b> 222 Moo 5, Suwannasorn Rd., Nonthri, Kabinburi, Prachinburi Tel : (037) 205-145-7 Fax : (037) 205-229	Label	Ordinary	200,000	38,000	19.00	4,700,000.00
<b>5. International Leather Fashion Corp., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Leatherware	Ordinary	500,000	90,000	18.00	8,810,100.00
<b>6. Erawan Textile Co., Ltd.</b> 49 Moo 3 Poochaosamingprai Rd., Samrongtai, Prapradaeng, Samutprakarn Tel : 0-2183-3898-9 Fax : 0-2183-3916	Spun yarn and fabrics manufacturing	Ordinary	6,214,634	922,468	14.84	117,726,177.91
<b>7. Champ Ace Co., Ltd.</b> 3885/2 Bangklo, Bangkorleam, Bangkok Tel : 0-2291-2533-4 Fax : 0-2291-2537	Garment	Ordinary	400,000	60,000	15.00	6,000,000.00
<b>8. People's Garment Public Co., Ltd.</b> 666 Rama 3 Rd., Bangpongpan, Yannawa, Bangkok Tel : 0-2685-6500 Fax : 0-2294-5159	Garment	Ordinary	96,000,000	13,484,000	14.05	52,683,587.15
<b>9. Thai Takaya Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Jeans	Ordinary	300,000	33,000	11.00	3,300,000.00

## Shareholder

### Registered and Paid-Up Capital

Thanulux Public Company Limited is a listed company in the Stock Exchange of Thailand (SET) with the stock symbol for Trading as “TNL”

1. **Ordinary shares**, as of 29<sup>th</sup> December 2017, 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 ordinary shares at a par value of Baht 1 per share.

2. **Other types of share issue** with rights or conditions differing from ordinary shares, e.g. preference shares: - none -

#### The Company's 10 Major Shareholders as of 29<sup>th</sup> December 2017

	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.	15,009,540	12.508
4	I.C.C. International Plc.	13,307,040	11.089
5	Mr. Samrerng Manoonpol	11,110,000	9.258
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

Note:- Investors may consult to the updated shareholders' information from the Company website, [www.thanulux.com](http://www.thanulux.com), prior to the 44<sup>th</sup> General Meeting of Shareholders.

Distribution of Shareholding as at the Book Closing Date on 29<sup>th</sup> December 2017, Categorized According to Type of Shareholder

Type of Shareholders	No. of Shareholders	No. of Shares	%
<b>Legal entity</b>			
Thai nationality	33	81,568,200	67.97
Foreign nationality	0	0	0.00
<b>Total legal entity</b>	<b>33</b>	<b>81,568,200</b>	<b>67.97</b>
<b>Ordinary person</b>			
Thai nationality	665	38,192,140	31.83
Foreign nationality	5	239,660	0.20
<b>Total ordinary person</b>	<b>670</b>	<b>38,431,800</b>	<b>32.03</b>
<b>Total</b>	<b>703</b>	<b>120,000,000</b>	<b>100.00</b>



Distribution of Shareholding as at the Book Closing Date on 29<sup>th</sup> December 2017, Categorized According to Amount of Shareholding

Range of shareholding	Total Shareholders			Legal entity			Ordinary person		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 100	145	4,604	0.004	1	10	0.000	144	4,594	0.012
101 - 1,000	124	58,907	0.049	8	3,040	0.004	116	55,867	0.145
1,001 – 5,000	165	488,556	0.407	3	7,700	0.009	162	480,856	1.251
>5,000	269	119,447,933	99.54	21	81,557,450	99.99	248	37,890,483	98.59
<b>Total</b>	<b>703</b>	<b>120,000,000</b>	<b>100.00</b>	<b>33</b>	<b>81,568,200</b>	<b>100.00</b>	<b>670</b>	<b>38,431,800</b>	<b>100.00</b>

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 -

Report of Shareholdings of Directors and Executive Officers in Thanulux Public Company Limited as of 29<sup>th</sup> December 2017

		Beginning 2016		Purchase	Sale/ Transfer	ending 2016
Name		Directors/	Spouse*			
1 Mrs.Varindr	Leelanuwatana	282,680	-	-	-	282,680
2 Mr. Supotch	Pakaworawuth	13,420	-	-	-	13,420
3 Ms. Dusadee	Soontrontumrong	433,240	-	-	-	433,240
4 Ms. Marin	Leelanuwatana	1,117,960	-	-	-	1,117,960
5 Mr. Thamarat	Chokwatana	152,747	-	-	-	152,747
6 Mr. Padoong	Techasarintr	-	-	-	-	-
7 Assoc.Prof. Nares	Kesaparakom	-	-	-	-	-
8 Assoc.Prof. Dr. Nipon	Poapongsakom	-	-	-	-	-
9 Mr. Somphol	Chaisiroj	70,660	-	-	-	70,660
10 Mr. Suchart	Layluxsiri	5,000	-	-	-	5,000
11 Dr.M.L.Sirapirom	Teeraprasert	8,000	19,080	-	-	27,080
12 MS. Ampa	Sirijaroenpan	4,000	-	-	-	4,000
13 Ms.Yupaporn	Jearrakul	5,000	-	-	-	5,000
<b>รวม</b>		<b>2,092,707</b>	<b>19,080</b>	<b>-</b>	<b>-</b>	<b>2,111,787</b>

\* 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 2,111,787 shares, equal to 1.76% 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 including their spouses and children under legal maturity wish to change their shareholding status, they should inform the company Chairman 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.

### Dividend Payment 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.	2017	2016	2015	2014	2013
Earnings per share (Baht)	1.30	1.61	1.58	1.79	1.88
Dividend per share (Baht)	0.70	0.85	0.75	0.85	0.95
Payout ratio (%)	54.02	52.72	47.36	47.45	50.47

Note \*\* Meeting of the Board of Directors No. 1/2018 adopted a resolution to propose to the General Meeting of shareholders, which is to be held on 24<sup>th</sup> April 2018, the approval of dividend payment at the rate of Baht 0.70 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 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, Chairman 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 8 members of the board of directors who named in the certificate letter of Ministry of Commerce as follows;

- 4 non-executive directors constituting 50.00% which include 3 Independent Directors
- 4 executive directors constituting 50.00%

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 2017, the list of Company Directors and positions held in Company Committees may be summarized as follows:

Name	The Board of Directors	The Audit Committee	The Nominating Committee	The Remuneration Committee	The Risk Management Committee	the Governance Committee	The Executive Board
1. Mrs. Varindr Leelanuwatana	☀		/	/			☀
2. Mr. Supotch Pakaworawuth	/				/		/
3. Ms. Dusadee Soontrontumroon	/			/		/	/
4. Ms. Marin Leelanuwatana	/					/	/
5. Mr. Thamarat Chokwatana	/		/	☀			
6. Mr. Padoong Techasarintr	±	☀					
7. Assoc. Prof. Nares Kesaprakorn	±	/					
8. Assoc. Prof. Dr. Nipon Poapongsakorn	±					☀	

☀ = Chairman / = Director ± = Independent Director

**Remark :** Chairman of Nominating Committee is Mr. Manu Leelanuwatana, advisor of the board of directors.  
Chairman of Risk Management Committee is Mr. Krish Follett.

**Directors representing the Company** 2 directors out of the following 4 directors must jointly sign their names, together with the affixing of Company seal, namely

1. Mrs. Varindr Leelanuwatana
2. Mr. Supotch Pakaworawuth
3. Ms. Dusadee Soontrontumrong
4. Ms. Marin Leelanuwatana

## Curriculum Vitae of Company Directors

Details on the curriculum vitae of Directors may be found under the heading “Curriculum Vitae of Company Directors, Executive Officers, Controller and Company Secretary”.

## Records of directors attending the meeting

In 2017, attendance in each Company Committee may be summarized as follows:

Unit : Time / Year

List of Directors		Attendance						
		AGM No.43	Directors	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee	The Executive Governance Committee
1 Mr. Boonsithi Chokwatana		0 / 1				2 / 2		
2 Mrs. Varindr Leelanuwatana		1 / 1	7 / 7		2 / 2	2 / 2		10 / 12 <sup>2</sup>
3 Mr. Manu Leelanuwatana		0 / 1			2 / 2			
4 Mr. Supotch Pakaworawuth		1 / 1	7 / 7				4 / 4	12 / 12
5 Ms. Dusadee Soontrontumrong		1 / 1	7 / 7			2 / 2		2 / 2 12 / 12
6 Ms. Marin Leelanuwatana		1 / 1	5 / 7 <sup>1</sup>					2 / 2 10 / 12 <sup>1</sup>
7 Mr. Thamarat Chokwatana		1 / 1	5 / 7 <sup>1</sup>		2 / 2			
8 Mr. Padoong Techasarintr		1 / 1	7 / 7	12 / 12				
9 Assoc. Prof. Nares Kesaprakorn		1 / 1	7 / 7	12 / 12				
10 Mr. Krish Follett		0 / 1	2 / 2 <sup>3</sup>	4 / 5 <sup>1,3</sup>			4 / 4	

Unit : Time / Year

List of Directors			Attendance						
			AGM No.43	Directors	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee	The Governance Committee
11	Assoc. Prof. Dr. Nipon Poapongsakorn		1 / 1	7 / 7	7 / 7 <sup>3</sup>				2 / 2
12	Mr.Suchart Layluxsiri		1 / 1					4 / 4	11 / 12 <sup>1</sup>
13	Dr.M.L.Sirapirom Teeraprasert		1 / 1					4 / 4	11 / 12 <sup>2</sup>
14	Ms.Yupaporn Jearrakul		1 / 1						2 / 2
15	Mrs.Tueanjai Puengsiricharoen		1 / 1						12 / 12
16	Ms.Kochakorn Peungsiiricharoen		1 / 1						4 / 5 <sup>1, 5</sup>
17	Ms.Siriporn Hanudomlap		1 / 1						4 / 5 <sup>1, 5</sup>
18	Mr.Paskorn Suphakat		1 / 1						6 / 7 <sup>1, 5</sup>
19	Mr.Chayarop Makamontri		1 / 1						7 / 7 <sup>5</sup>
20	Mr.Kanokchai Mingquanpiyakul		1 / 1					2 / 2 <sup>4</sup>	
21	Ms.Sunee Kongsong		1 / 1					4 / 4	

Remark : <sup>1</sup> Absence due to an unavoidable necessity.

<sup>2</sup> Sick Leave

<sup>3</sup> Mr.Krish Follet office term as the Company Independent Director was completed on 25<sup>th</sup> April 2017. He had expressed his intent to decline taking office for another term and did not retain his position as Audit Committee. Associate Professor Dr. Nipon Poapongsakorn had been nominated as Audit Committee since 11<sup>th</sup> May 2017.

<sup>4</sup> Board of Director Meeting No.3/2560 on 11<sup>th</sup> May 2017 appointed Mr.Kanokchai Mingquanpiyakul as a Risk Management Committee Member and <sup>5</sup> appointed Mr.Paskorn Suphakat and Mr.Chayarop Makamontri as a Executive Committee member replace Ms.Kochakorn Peungsiiricharoen and Ms.Siriporn Hanudomlap had expressed her intent not to be an Executive Committee member

### Board and Committee Meetings

The Board of Directors and subcommittees have arranged meeting schedule one year in advance. Additional meetings may be called upon issued, as necessary. Each meeting is accompanied by clear agendas. The secretary of each committee shall send out invitation letters together with the agenda and supplemental meeting documents to the directors not less than 7 days in advance in order to enable the directors to carry out adequate studies of the information prior to the meeting. In the meeting, the chairman shall 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 board are systematically archived as evidence for references and ready for inspection.

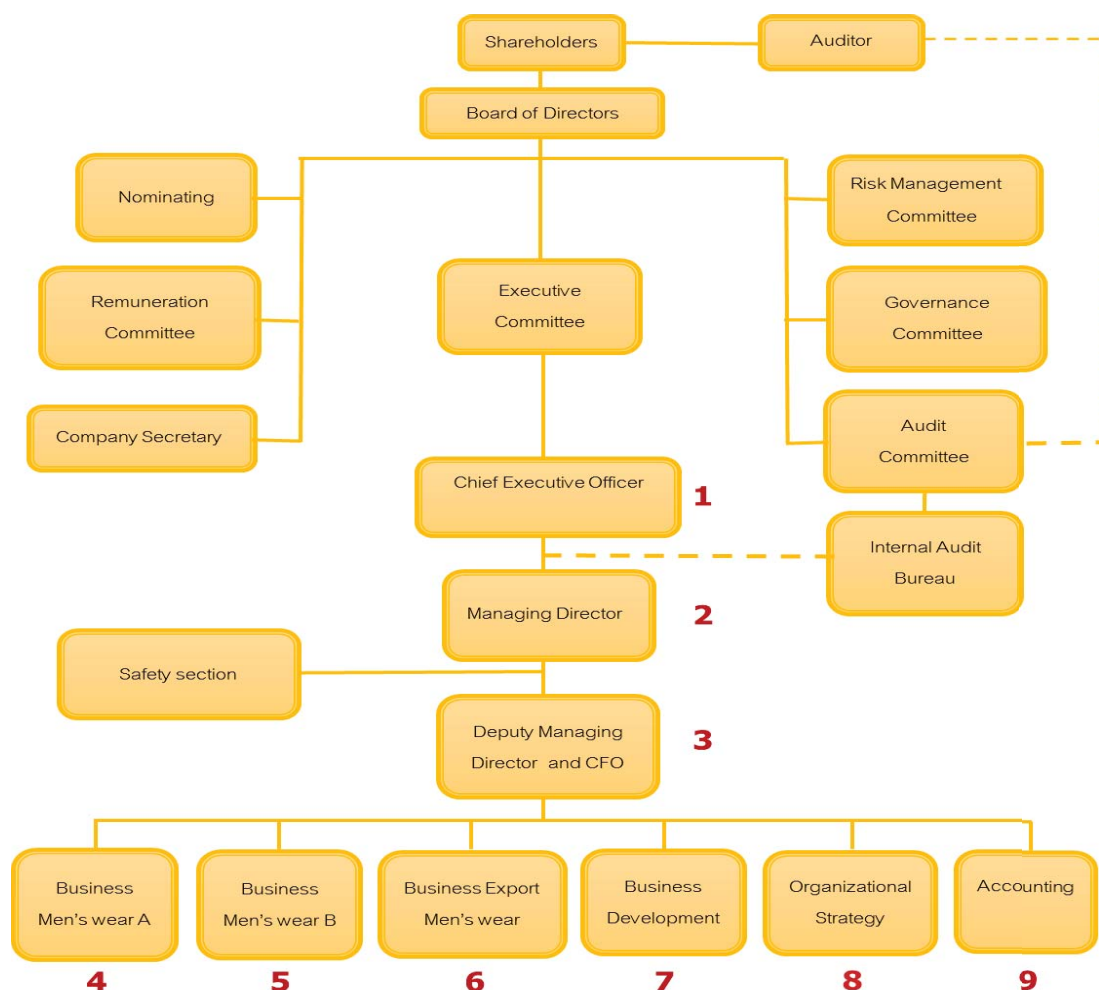
## 2. Controlling Person

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



### 3. Executives

#### The Company Management Structure



As of 31<sup>st</sup> December 2017, the Company had 9 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 Chaisiriroj	Senior Director, Business Men's wear A
5	Mr. Suchart Layluxsiri	Deputy Vice president of Business Men's Wear B
6	MS. Ampa Sirjaroenpan	Deputy Vice president of Business Men's Wear Export
7	Ms. Marin Leelanuwatana	Deputy Vice President of Business Development Department
8	Dr.M.L.Sirapirom Teeraprasert	Deputy Vice President of Foreign Business Development
9	Ms.Yupaporn Jearrakul	Deputy Vice president of Accounting

The abovementioned 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 and company secretary".

### 4. 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 and 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.

### 5. 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. For the performance of the Managing Director, the Board of Directors has assigned the Chief Executive Officer to evaluate.

#### 1. Monetary Remuneration

##### (a) Directors Remuneration

Shareholders' Meeting No. 43 on 25<sup>th</sup> April 2017 passed a resolution approving the remuneration limit in an amount not exceeding Baht 10 million 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 Remuneration 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 the meeting.

### 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 the 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 the meeting.

Chairman	6,000.- Baht/meeting
Each Member	5,000.- Baht/meeting

For the remuneration of other committee members appointed by the Board of Directors, the Remuneration Committee shall determine in appropriate circumstances and in accordance with the duties and responsibilities and presented to the Board for approval.

In 2017 The Company paid the meeting allowance of Baht 1,252,000, annual fee Baht 4,600,000 total Baht 5,852,000

Monetary remuneration detail for Board of Directors and Sub-Committee (unit:Baht)

Detail	2017		2016		2015	
	Meeting Allowance	Annual Fees	Meeting Allowance	Annual Fees	Meeting Allowance	Annual Fees
Board of Directors	414,000	4,600,000	618,000	5,000,000	370,000	5,400,000
The Audit Committee	658,000		734,000		842,000	
Nominating Committee	52,000		48,000		32,000	
Remuneration Committee	32,000		52,000		52,000	
Risk Management Committee	44,000		44,000		44,000	
Governance Committee	52,000					
<b>Total</b>	<b>1,252,000</b>	<b>4,600,000</b>	<b>1,496,000</b>	<b>5,000,000</b>	<b>1,340,000</b>	<b>5,400,000</b>

## (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 9 persons. Remuneration is paid as salaries, sponsorship, stipend, allowances and retirement fees, paid in their capacities as employees.

Remunerations	2017		2016		2015	
	Persons	Amount (Baht)	Persons	Amount (Baht)	Persons	Amount (Baht)
Salaries and others						
except Meeting allowance	9	29,142,955	7	28,419,522	7	27,242,103
Meeting allowance	7	390,000	7	385,000	7	375,000
<b>Total</b>		<b>29,532,955</b>		<b>28,804,522</b>		<b>27,617,103</b>

## 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.

(A) Other remuneration of Company Directors - none -

(B) Other remuneration for 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 who are member of provident fund will received monthly contribution at the rate of 3-5 percent of the salary.

Year 2017	9 persons	in the amount	0.30 million Baht
Year 2016	7 persons	in the amount	0.24 million Baht
Year 2015	7 persons	in the amount	0.26 million Baht

## 6. Personnel

### 1. Total employees of the Company as of December 31,

	2017			2016			2015		
	Administration	Production	total	Administration	Production	total	Administration	Production	total
Bangkok - Head office	324	684	1,008	333	712	1,045	342	754	1,096
Bangplee	31	-	31	22	-	22	25	-	25
Lamphun	23	633	656	24	701	725	24	740	764
Kabinburi	22	470	492	22	557	579	21	602	623
Mae Sod	29	-	29	-	-	-	-	-	-
<b>รวม</b>	<b>429</b>	<b>1,787</b>	<b>2,216</b>	<b>401</b>	<b>1,970</b>	<b>2,371</b>	<b>412</b>	<b>2,096</b>	<b>2,508</b>

### 2. Labour disputes over the previous 3 year period - none -

### 3. Remuneration of all Employees

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

Year	2017	2016	2015
Consolidated Returns (million Baht)	571.42	577.19	588.65

### 4. 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) Mrs.Varindr Leelanuwatana (Age 71 years)  
as Director started June 6, 1975

Chairman

Chief Executive Officer

Nominating Committee Member

Remuneration Committee Member

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 6 companies

Competitive Business related to Company's Business

2 of 6 companies

1990 - Present Director Thai Takaya Co., Ltd.

Garment manufacturing

2004 - 2017 Chairman Total Way Image Co., Ltd.

Leather's ware manufacturing

2017 - Present Director Total Way Image Co., Ltd.

Leather's ware 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

Any holding of position in an enterprise or organization

during last year which significantly affect time

devotion - None -

2) Mr. Supotch Pakaworawuth (Age 60 years)  
as Director started April 23, 1990

Director

Executive committee member

Managing Director

Risk Management Committee Member

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

2005 - 2015 Director S..Apparel Co., Ltd.

Garment manufacturing

2015 - Present Chairman S..Apparel Co., Ltd.

Garment manufacturing

2010 - 2015 Director Thai Takaya Co., Ltd.

Garment manufacturing

2015 - Present Chairman 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) 46/2004

Finance for Non-Finance Directors 12/2004

Any holding of position in an enterprise or organization

during last year which significantly affect time

devotion - None -



## → Management and Corporate Governance

**3) Ms. Dusadee Soontrontumrong (Age 69 years)**  
as Director started July 11, 1984

Director

Executive committee member

Deputy Managing Director and CFO

Remuneration Committee Member

Governance Committee Member

Authorized Director

% Share hold 0.36%

Family relationship between directors - None -

Education

Higher Education Certificate in Accounting Kerk College

Mini MBA of Economics, 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

Any holding of position in an enterprise or organization

during last year which significantly affect time

devotion - None -

**4) Ms. Marin Leelanuwatana (Age 44 years)**  
as Director started April 23, 2013

Director

Executive committee member

Governance Committee Member

Deputy Vice President

Foreign Business Development Department

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 3 companies

Competitive Business related to Company's Business

- None -

Course training of

Thai Institute of Directors Association (IOD)

Director Certification Program (DCP) 180/2013

Any holding of position in an enterprise or organization

during last year which significantly affect time

devotion - None -

**5) Mr. Thamarat Chokwatana (Age 48 years)  
as Director started July 11, 2016**

Director

Chairman of the Remuneration Committee

Nominating Committee Member

% Share hold            0.13%

Family relationship between directors       - None -

**Education**

Bachelor of Arts, Assumption University

**Experiences**

**Listed Companies**

2017 – Present    Director  
                                 Saha Pathanapibul Plc. - Commerce

2015 – Present    President  
                                 Vice Executive Chairman  
                                 I.C.C. International Plc. - Fashion

2001 – Present    Director  
                                 Thai Wacoal Plc. - Fashion

**Non Listed Companies**

Being directors of 42 companies

**Competitive Business related to Company's Business**  
1 of 42 companies

2008 - Present    Director Champkabin 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

**Any holding of position in an enterprise or organization  
during last year which significantly affect time  
devotion                    - None -**

**6) Mr. Padoong Techasarintr (Age 77 years)  
as Director started April 18, 1994**

Independent Director

Chairman of Audit Committee

% Share hold            - None -

Family relationship between directors       - None -

**Education**

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

**Experiences**

**Listed Companies**

1993 - Present    Independent Director and  
                                 Chairman of Audit committee  
                                 Lanna Resources Plc. - energy & utilities

1999 - Present    Independent Director and  
                                 Chairman of Audit committee  
                                 Textile Prestige Plc. - fashion

1999 - Present    Independent Director and  
                                 Audit Committee member  
                                 CP All Plc. - commerce

2003 - Present    Independent Director and  
                                 Audit Committee member  
                                 Kulthorn Kirby Plc.- industrial materials &  
                                 machinery

**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 & Risk Management  
(MIR) 2009

**Any holding of position in an enterprise or organization  
during last year which significantly affect time  
devotion                    - None -**

## → Management and Corporate Governance

### 7) Assoc.Prof. Nares Kesaprakorn (Age 59 years) as Director started April 23, 2007

Independent Director

Audit Committee Member

% Share hold - None -

Family relationship between directors - None -

#### Education

Master of Laws (Securities Regulation),

University of Georgia, U.S.A

#### Experiences

2009 - Present Audit Committee Member,  
The Thai Chamber of Commerce,  
Board of Trade of Thailand

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

2017 - Present Dean, School of Law, NIDA

#### Listed Companies

2006 - Present Independent Director, Risk  
Management Committee Member  
Thai Wacoal Plc. - fashion

#### Non Listed Companies

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) 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

Any holding of position in an enterprise or organization  
during last year which significantly affect time  
devotion - None -

### 8) Assoc.Prof. Dr. Nipon Poapongsakorn (Age 69 years) as Director started April 26, 2016

Independent Director

Audit Committee Member

Chairman of the Governance Committee

% Share hold - None -

Family relationship between directors - None -

#### Education

Ph.D. of Economics, University of Hawaii, U.S.A

#### Experiences

1998 - 2002 Director - Board of Investment

2001 - 2016 Director - The General Nation Economic  
and Social Development

2010 - Present Director - Thailand Productivity Institute

2010 - Present Director - Law Development of Council of State

2013 - 2017 Qualified members, Office of the University  
Council, Chiang Mai University

2014 - Present Committee of Rice Policy and Management

#### Listed Companies

2017 - Present Independent Director, Saha Patana  
Inter-Holding Plc. - Investing Company

#### Non Listed Companies

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)

Certificate of Director Training, IOD, 2002

Certificate of Capital Market Academy 10<sup>th</sup>

Any holding of position in an enterprise or organization  
during last year which significantly affect time  
devotion - None -

**9) Mr. Somphol Chaisiroj (Age 60 years)**

Senior President of Men's Wear department A

% Share hold 0.06%

Family relationship between directors - None -

Education

Master of Arts, Ohio University, U.S.A.

Experiences

Listed Companies

2009 – Present Director 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

Any holding of position in an enterprise or organization during last year which significantly affect time devotion - None -

**10) Mr. Suchart Layluxsiri (Age 52 years)**

as Executive committee member started May 10, 2007

Executive committee member

Risk Management Committee Member

Deputy Vice president of Men's Wear department B

% Share hold 0.004%

Family relationship between directors - None -

Education

Master of Business Administration, Bangkok University

Experiences

Listed Companies

Not being director of any other listed companies

Non Listed Companies

Being directors of 3 companies

Competitive Business related to Company's Business

- None -

Course training of

Thai Institute of Directors Association (IOD)

Director Certification Program (DCP) 154/2011

Any holding of position in an enterprise or organization during last year which significantly affect time devotion - None -

## → Management and Corporate Governance

11) Dr. M.L.Sirapirom Teeraprasert (Age 54 years)  
as Executive committee member started May 12, 2011

Executive committee member

Risk Management Committee Member

Deputy Vice president of Organizational Strategy

% Share hold 0.02% (included the share held by spouse)

Family relationship between directors - None -

Education

Ph.D. of Business Administration,  
Ramkhamhaeng University

Experiences

Listed Companies

Not being director of any other listed companies

Non Listed Companies

Being directors of 1 companies

Competitive Business related to Company's Business  
- None -

Course training of

Thai Institute of Directors Association (IOD)

Director Certification Program (DCP) 150/2011

Any holding of position in an enterprise or organization  
during last year which significantly affect time  
devotion - None -

12) Ms.Yupaporn Jearrakul (Age 58 years)  
as Executive committee member started May 1, 2015

Executive committee member

Governance Committee Member

Deputy Vice president of Accounting Department

% Share hold 0.004%

Family relationship between directors - None -

Education

Master of Business Administration,  
Ramkhamhaeng University

Experiences

Listed Companies

Not being director of any other listed companies

Non Listed Companies

Being directors of 3 companies

Competitive Business related to Company's Business  
1 of 3 companies

1992 - Present Director Thai Monster Co., Ltd.  
Garment manufacturing

Course training of

Thai Institute of Directors Association (IOD)

Director Certification Program (DCP) 150/2011

Any holding of position in an enterprise or organization  
during last year which significantly affect time  
devotion - None -



## 13) MS. Ampa Sirijaroenpan (Age 57 years)

Deputy Vice president of

Export Men's Wear Department

% Share hold 0.003%

Family relationship between directors None

Education

Master of Business Administration,

Yokohama National University, Japan.

Experiences

Listed Companies

Not being director of any other listed companies

Non Listed Companies

Being directors of 1 companies

Competitive Business related to Company's Business

1 of 1 companies

1992 – Present Director Thai Takaya Co., Ltd.

Garment manufacturing

Course training of

Thai Institute of Directors Association (IOD)

None

Any holding of position in an enterprise or organization

during last year which significantly affect time

devotion None

## 14) Mr. Supachoke Sirichantaradilok (Age 58 years)

as Company Secretary started May 8, 2008

Company Secretary

Investor Relations

Deputy Manager, Financial Division.

% Share hold None

Family relationship between directors None

Education

Master of Public and Private Management, NIDA

Experiences

Listed Companies

Not being director of any other listed companies

Non Listed Companies

Being directors of 1 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

Any holding of position in an enterprise or organization

during last year which significantly affect time

devotion None

### 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) Act 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 matter 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, Governance 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 8 Directors, consisting of

- Non-Executive Directors                      4 persons (3 of whom are Independent Directors)
- Executive Directors                              4 persons

The list of Directors is as follows:

	Name – Sur Name		Position
1	Mrs.Varindr	Leelanuwatana	Chairman
2	Mr. Supotch	Pakaworawuth	Director
3	Ms. Dusadee	Soontrontumrong	Director
4	Ms. Marin	Leelanuwatana	Director
5	Mr. Thamarat	Chokwatana	Director
6	Mr. Padoong	Techasarintr	Independent Director
7	Assoc.Prof. Nares	Kesaparakorn	Independent Director
8	Assoc. Prof. Dr. Nipon	Poapongsakorn	Independent Director

There are 2 advisors to the Board of Directors, namely Mr. Boonsithi Chokwatana and Mr. Manu Leelanuwatana. Mr. Supachoke Sirichantaradilok holds the position of Company Secretary.

#### 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 elect 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.

The Board of Directors meeting No.6/2017 held on 9<sup>th</sup> November 2017 reviewed the Charter of the Board of director and had resolved to revise the Authority articles no.9, 11 and 15 and Duty and Responsibilities articles no.9 (Bond character) as below

### **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 the acceptance or cancellation of the credit lines, 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 debt 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 sales, disposal, transfer for fixed asset, for such portion exceeding the authority of The Executive Board

10. 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 functional for such book value exceeding the authority of The Executive Board.

11. Approve the adjustment, disposal, and write-off for deteriorate or out-of-date raw material and/or inventory which its book value become lower, for such book value exceeding the authority of The Executive Board.

12. 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.

13. Approve the entering into such transaction not considered as normal business practice, for such portion exceeding the authority of The Executive Board.



14. 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.

15. **Authorize the Executive Board to stipulate guideline for authorization and relevant operations as appropriate.**

16. Authorize the Executive Board members, management members, managers or other persons, to act on their behalf.

17. Authorize to summon management members or employees concerned to provide explanation or opinion, to join the meeting, and to submit those documents deemed necessary.

18. Appoint and remove Company Secretary

19. 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, place and agenda 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 branches 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, 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 2017, The Board of Directors convened total 7 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.3/2017 on 11<sup>st</sup> May 2017 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. In the meeting, Assoc. Prof. Dr. Nipon Poapongsakorn was appointed as the Audit Committee member to replace Mr. Krish Follett, who was due to retire by rotation. The 3 Members are as follows.

Name – Sur Name		Position
1	Mr. Padoong Techasarintr	Chairman of Audit Committee
2	Assoc.Prof. Nares Kesaprakorn	Audit Committee Member
3	Assoc. Prof. Dr. Nipon Poapongsakorn	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 May 2017 to May 2018. Mr. Padoong Techasarintr 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 "Personal information of company directors, executives, controller and 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.

The Board of Directors meeting No.5/2016 held on 11<sup>st</sup> July 2016 had resolved the revision of duties and responsibilities of the Audit Committee in consistent with anti-corruption procedure by amending the Audit Committee Charter as approved by the Board of Directors meeting No.7/2008 held on 30<sup>th</sup> December 2008 from 11 to 16 articles.

### Authority 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. Review the company's financial statements to ensure that they are accurate and adequate by reviewing the company's major accounting policies, and supervising information disclosure in such manner complying with Thai Financial Reporting Standards.
2. Review the company's internal control system to ensure that it is suitable and review fraud and corruption prevention and internal audit system to ensure that they are effective.
3. Review operational independence of the internal audit office; approve, appraise, appoint, transfer, or dismiss the chief of internal audit office or any other office responsible for internal audit operations. Supervise to ensure that chief of internal audit office has sufficient education, experiences, and training, adequate to such internal audit operations.
4. Grant approval to the Internal Audit Charter.
5. Grant approval and monitor the progress made in relation to the internal audit plan.
6. Review to ensure that the company duly follows the laws on securities and stock exchange, the regulations of The Stock Exchange of Thailand, and the laws concerning the company's business operations.
7. Review, select, nominate and/or dismiss independent persons to serve as the company auditor, and propose related remuneration. Also take part in joint meeting with the company auditor, in the absence of the management for at least once a year.
8. Review connected transactions or transactions with possible conflict of interests, to ensure that they follow the laws, the regulations of The Stock Exchange of Thailand, and the notification of The Capital Market Supervisory Board and that they are justified and are of maximum benefits to the company.
9. Prepare the report by The Audit Committee and disclose it in the company's annual report. Said report requires the signature of the Audit Committee Chairman, and needs to contain at least the following information:
  - a. Opinion regarding the accuracy, complete coverage and reliability of the company's financial statements.
  - b. Opinion regarding the adequacy of the company's internal control, fraud and corruption and the risk management system.
  - c. Opinion regarding the practices in compliance with the laws on securities and stock exchange, the regulations of The Stock Exchange of Thailand, or other laws concerning the company's business operations.
  - d. Opinion regarding the suitability of the company auditor and the chief of internal audit office.
  - e. Opinion regarding the transaction with possible conflict of interests.
  - f. The number of The Audit Committee's meeting and the attendance record of each member.
  - g. Overall opinion or comment provided by The Audit Committee out of its practices in accordance with the charter.
  - h. Other items deemed to benefit the shareholders and general investors, in accordance with the authority and duty scope assigned by The Board of Directors.
10. During the course of its duty, should The Audit Committee come across or have any doubt relating to below transactions that they may significantly affect the company's financial position or performances, they are then required to report the matter to The Board of Directors, in order for necessary remedial actions to be taken within the timeframe decided upon by The Audit Committee.
  - a. Transaction incurring conflict of interests.
  - b. Significant fraud and corruption, irregularity or deficiency within the internal control system.

c. Breach of laws concerning securities and stock exchange, the regulations of The Stock Exchange of Thailand, and other laws concerning the company's business operations.

In the case where The Board of Directors or the management fail to rectify the items within the timeframe assigned by The Audit Committee, any member of The Audit Committee may report said problems to The Securities and Exchange Commission or The Stock Exchange of Thailand.

11. Encourage and follow-up to ensure that the company has effective risk management system.

12. Supervise to ensure that the company has adequate channel to take care of complaints or tips relating to suspicious or improper items contained in the financial statements or fraud and corruption. At the same time, ensure that the company has protective confidential measurement for whistleblower, transparency and independence investigation process, and appropriate follow up.

13. Supervise to ensure that the company implements adequate management system in accordance with the good corporate governance practice.

14. Review, revise and amend the Audit Committee Charter for further submission to The Board of Directors for approval.

15. Implement self-appraisal review at least once a year.

16. Engage in other acts as assigned by The Board of Directors and deemed justified by The Audit committee in accordance with company regulations 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.

In 2017 the Audit Committee holds monthly meetings Totally 12 times. 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.3/2017 on 11<sup>st</sup> May 2017 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 – Sur Name		Position
1	Mr. Manu	Leelanuwatana	Chairman of the nominating Committee
2	Mr. Thamarat	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 2017 to May 2018

#### Authority 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 2017, 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. Furthermore, additional meeting could also be summoned according to necessary circumstances.

### 4. Remuneration Committee

Board of Directors Meeting No.3/2017 on 11<sup>st</sup> May 2017 passed a resolution to appoint Remuneration Committee Members, and also appointed Mr. Thamarat Chokwatana as Chairman of the Remuneration Committee to replace Mr. Boonsithi Chokwatana, who was due to retire by rotation, 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 – Sur Name		Position
1	Mr. Thamarat	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 2017 to May 2018.

### 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 2017, 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.3/2017 on 11<sup>st</sup> May 2017 passed a resolution to appoint Risk Management Committee Members and also appointed Mr. Kanokchai Mingquanpiyakul as the Risk management Committee member 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 organization, 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 6 Members are as follows.

	Name – Sur 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	Mr.Kanokchai	Mingquanpiyakul	Risk Management Committee Member
6	Ms. Sunee	Kongsong	Risk Management Committee Member and Secretary

The Risk management Committee holds office for a term of 1 year, in the period of May 2017 to May 2018.

Board of Directors meeting No.5/2016 held on 11<sup>st</sup> July 2016 has resolved the revision of duties and responsibilities of the Risk Management Committee in consistent with anti-corruption procedure by amending the Risk Management Committee Charter as approved by the Board of Directors meeting No.2/2011 held on 12<sup>nd</sup> May 2011 from 6 to 8 articles as already prescribed.

### Authority 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 of the Risk Management Committee

1. Set forth the policies, plans, and targets in relation to the implementation of the risk management plans, in a clear-cut and continuous manner, to effectively cope with significant risk factors. Consequently, compile and present achievement progress report to The Board of Directors' meeting on a quarterly basis, also notify to the Audit Committee for acknowledgement
2. Encourage and promote mutual cooperation among various departments within the company, to implement the risk management plans at all operational levels.
3. Supervise to ensure that the company has adequate and efficient risk management system in place, which also cover against such risks resulting from fraudulent practices, while providing attention and priorities to early warning signals and items showing irregularities.
4. Supervise company operations to ensure that all the departments and the company overall duly follow those laws and regulations pertaining to company operations.
5. Develop and upgrade the risk management system throughout the organization, so as to remain effective on a consistent basis.
6. Supervise the compilation of the report by The Risk Management Committee, for disclosure in the annual report compilation by the company, whereby the Chairman of The Risk Management Committee is duly required to affix his signature in verification of said report.
7. Review and revise the charter for The Risk Management Committee, and submit to The Board of Directors for approval.
8. Engage in other acts as assigned by The Board of Directors.

During 2017, The Risk management Committee held its meeting 4 times, and additional meetings to follow up and review the risk assessment of operational units, totally 8 times, on the dates which had been decided in advance throughout the entire year. The Risk management Committee subsequently reported the results to the Board of Directors and shareholders as stated in annual report.

### 6. The Governance Committee

Board of Directors Meeting No.3/2017 on 11<sup>st</sup> May 2017 passed a resolution to appoint The Governance Committee Members to perform the duties of setting the criteria of the Company's guidelines to go along with good corporate governance to encourage confidence with shareholders and all stakeholders. The 4 Members are as follows.

Name – Sur Name		Position
1	Assoc. Prof. Dr. Nipon Poapongsakorn	Chairman of the Governance Committee
2	Ms. Dusadee Soontrontumrong	Governance Committee Member
3	Ms. Marin Leelanuwatana	Governance Committee Member
4	Ms. Yupaporn Jearrakul	Governance Committee Member

The Governance Committee holds office for a term of 1 year, in the period of May 2017 to May 2018.

### Authority of the Governance Committee

1. Authorized to summon relevant operation staffs, managements or employees to clarify, give an opinion, attend meetings or submit documents as seemed necessary.
2. Authorized to ask for advice from experts or Company Consultant (if any) or in case of necessity, employ external consultants or experts by the Company's expense.

3. Authorized to appoint Working Committee to implement Corporate Governance policy throughout the organization.

## **Duties and Responsibilities the Governance Committee**

1. Stipulate, review and improve Corporate Governance policy and principles, Business Ethics, Code of Conduct for Company's directors, managements and employees, including Anti-Corruption policy and rules and regulations to conform with changes in business, related rules, announcements, regulations and law, on a continual basis.

2. Stipulate Corporate Governance guidelines including Anti-Corruption policy as well as follow up, provide advice and suggestion in order to develop good corporate governance system of the Company.

3. Promote and support Company directors, managements and employees to comply with Good Corporate Governance principles and Anti-Corruption policy.

4. Review, improve and amend the Charter of Corporate Governance Committee and present to the Company Board of Directors for approval.

5. Other duties as assigned by the Board of Directors.

During 2017, The Governance 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.

## **7. The Executive Committee**

Board of Directors Meeting No.3/2017 on 11<sup>st</sup> May 2017 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 10 Members are as follows.

	<b>Name – Sur Name</b>		<b>Position</b>
1	Mrs. Varindr	Leelanuwatana	Chief Executive Officer
2	Mr. Supotch	Pakaworawuth	Managing Director
3	Ms. Dusadee	Soontrontumrong	Deputy Managing Director and CFO
4	Mr. Suchart	Layluxsiri	Executive Director
5	Dr.M.L. Sirapirom	Teeraprasert	Executive Director
6	Ms. Marin	Leelanuwatana	Executive Director
7	Ms. Yupaporn	Jearrakul	Executive Director
8	Mrs. Tueanjai	Puengsiricharoen	Executive Director
9	Mr.Paskorn	Suphakwat	Executive Director
10	Mr.Chayarop	Makamontri	Executive Director

The executive Committee holds office for a term of 1 year, in the period of May 2017 to May 2018.

## **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, this 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 2017, The Executive Board held its meeting 12 times, where by the meeting dates had been decided in advance throughout the entire year.

### 8. 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.

### 9. Managing Director

The Board of Directors, in meeting No.3/2017 on 11<sup>st</sup> May 2017, 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. Provident fund committee
4. Energy management working group
5. Internal energy management assessment committee
6. Company's social responsible committee
7. Thai labor standard and narcotic drug prevention committee
8. Innovation award project management team
9. Anti-corruption working group
10. ISO14001 environmental management system working group
11. Environmental committee
12. ISO9001 QMR committee
13. ISO9001 monitoring team

### **Nominating and Appointment of Directors and Executive Officers**

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

## 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.

In 2017 The Company has 2 subsidiaries, the directors of each subsidiaries are as follow:

### 1. S.Apparel Company Limited

	Name – Sur Name		Position
1	Mr. Supotch	Pakaworawuth	Chairman
2	Ms. Siriluk	Dhanasarnsilp	Managing Director
3	Ms. Dusadee	Soontrontumrong	Director
4	Mr. Woradej	Puengsiricharoen	Director
5	Mr. Chayarop	Mahamontri	Director

### 2. Celebrate Wealth Company Limited

	Name – Sur Name		Position
1	Mr. Amnuay	Bumroongwongtong	Chairman and Managing Director
2	Ms. Marin	Leelanuwatana	Deputy Managing Director
4	Mr. Chairat	Wattanachotiwat	Deputy Managing Director
5	Ms. Dusadee	Soontrontumrong	Director
6	Mr. Suchart	Layluxsiri	Director
7	Ms.Yupaporn	Jearrakul	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 2017, 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 Chairman 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 2017, Directors and executives had strictly complied with the said policy.

### 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 Company Limited, the audit office of the auditor's affiliation. Details of the fees are as follows:

Unit : Baht		
Audit Fee	2017	2016
Thanulux Public Company Limited	949,000	949,000
Subsidiary Companies (2 Companies)	369,000	369,000
Total	1,318,000	1,318,000

#### 2. Other Services

The Company and subsidiary companies paid fees for other services in the year 2016. The fees were paid for review of compliance with conditions under the Investment Promotion Certificate.

Unit : Baht		
Other Service Fees	2017	2016
Thanulux Public Company Limited	60,000	60,000
Subsidiary Companies (2 Companies)	-	-
Total	60,000	60,000

### 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 (1<sup>st</sup> Revision) was approved on 19<sup>th</sup> 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 2017, the company convened the shareholders' general meeting once, without convening any shareholders' extraordinary meeting, according to the following details:

During the 43<sup>rd</sup> General Meeting of Shareholders for 2017, 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 63 days prior to say meeting date, namely on February 21<sup>st</sup>, 2017 to allow the shareholders sufficient time to plan their meeting attendance.



## → Management and Corporate Governance

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, 28 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 21 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, 8 days prior to the meeting namely during April 10<sup>th</sup> - 12<sup>nd</sup>, 2017.

5. Shareholders could submit questions in advance 7 working 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 2017, the Company held the General Meeting of Shareholders on Tuesday, 25<sup>th</sup> April 2017, 10.00 hours, at Montien Riverside Hotel, which the transportation system is accessible and sufficient to facilitate the shareholders and the Institutional investors for easily to attend the meeting

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 8.00 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 2017, 8 from 9 Directors were present, including the Company Chairman and Chairman of The Audit Committee, Chairman of the Risk Management Committee and Chief Executive Officer. 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 number of shares and ratio attending the meeting 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 Company 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 2017, no shareholder requested for the addition of any new agenda and did not have any question.

**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 associated 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	87	106,626,661	100.00	-	-	-	-
3	87	106,626,661	100.00	-	-	-	-
4	87	106,626,661	100.00	-	-	-	-
5.1	86	106,625,661	100.00	1000	0.0009	-	-
5.2	87	106,626,661	100.00	-	-	-	-
5.3	87	106,958,237	100.00	-	-	-	-
6	87	106,626,661	100.00	-	-	-	-
7	89	106,630,662	100.00	-	-	-	-

Proceedings after the Shareholders' Meeting Day

1. The company disclosed the resolutions adopted by the shareholders' meeting, together with the voting results for each meeting agenda, also declared the details of the dividend payment to all the shareholders at the same rate, as per their rights, in both Thai and English, via the news channel of the SET, and the company website, on the following day.

2. 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.

3. 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 2017, the Company was awarded an assessment level **"Very good"** 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 2017. A proposal could be made between 1-30 December 2016 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, as well as provided the opportunities for Shareholders to submit the questions in advance before the meeting. No shareholder made any proposal for an addition to the meeting agenda and did not sent any Question in advance.

(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 2016, there were 5 shareholders holding the combined 1,241,720 shares who had appointed an independent director to act as the proxy on their behalf.

Number and nature of attendance of the Annual General Meeting of Shareholders no.43 on April 25<sup>th</sup> 2017

	persons	No. of shares	% (shares)
<b>Shareowners as listed in share registration</b>	<b>680</b>	<b>120,000,000</b>	<b>100.00</b>
Total number of attendants	89	106,630,662	88.86
Attended by oneself	39	4,222,455	3.52
Proxy	50	102,408,207	85.34
Proxy to audit committee	9	11,671,486	9.73
Proxy to individual	41	90,736,721	75.61

(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 43<sup>rd</sup> meeting, there was no Shareholder asked any question.

**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 2017, 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 oversee securities trading and reporting of interests of directors and executives. The Company forbade 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 2017, all the company directors and management members strictly followed accordingly, without engaging in such transactions during said period

In addition, the Company had set a policy to oversee the interests of the directors and executives by request the report of their and the related parties interests, which related to the operation of the company. In the year 2017, the Company's directors and executives have complied with the prescribed measures.

**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, price setting is on fair trade terms, in the same condition as outsider. The Company laid down operations systems in a transparent manner, deemed as one major policy regarding good governance practice and business ethics for the company. The company controlled the implementation of connected transactions being conducted in the fair market price, in accordance with the normal business, 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.

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 2017, the Company paid dividends for 2016 operations and retained earnings at the rate of Baht 0.85 per share, equivalent to a dividend payout 52.72 percent of the net profits of the separate financial statements on May 22<sup>nd</sup> 2017. 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 organization 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.

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 2 nurses 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
- 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.
- 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 center 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

**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 2017, 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 2017, the Company expanded its community and social responsibility activities by holding workshops with communities in the Company's vicinity and holding activities as requested by the communities. A channel was provided for filing complaints relating to the environment and other aspects of the Company which could affect the communities. During the past year, the Company did not receive any complaint. The Company's performance earned accreditation under the social responsibility of industrial operator standard (CSR-DIW Continuous) from the Department of Industrial Works, Ministry of Industry. Activities which are beneficial to the communities and society have been disclosed in the Social Responsibility Report for 2017.

**3.8 Environment.** The Company appreciates responsibility regarding the environment towards employees and communities The Company operation had strictly complied with the environmental management standard ISO14001 with continual monitoring by the internal audit team and external organizations. The Company has been certified to comply with ISO14001 Environmental Management System Standards from Bureau Veritas Certification (Thailand) Ltd., Environmental policies are updated and disseminated to employees and trading partners in order to expand environmental management issues throughout the entire business chain.

**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 2017, the Company adhered to energy conservation measures, enabling energy consumption reductions of 1.5% from the preceding year. The Company also engendered an organizational culture and built a conscience in all levels of

employees to promote cooperation and mutual responsibility in the utilization of resources. Activities were organized to encourage creativity by employees in the creation of value from leftover materials. Moreover, trainings were also held on efficient energy consumption for employees in the production line, as well as numerous other activities such as campaign boards for water conservation and electricity conservation in various locations to remind employees of the need to maintain efficient and sustainable utilization 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 2017, employees participated in environmental training in key issues, e.g. ISO14001:2015 course (environmental management system standard) and CSR-DIW Continuous (a project to promote social responsibilities of industries and sustainable co-existence with communities).

**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 the year 2017, the company continually the project by improving the classroom and learning environment at Wat Klongmai School. On June 23<sup>rd</sup>, 2560, the Company had jointly create a world of imagination by making a colorful classroom for kindergarten children, to be the classrooms of creativity, attractive to study, create habits for students to self-study and put the appropriate learning media for students.

**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" item "Fair Labor Treatment").

**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 10 years till present. These contests select candidates for the Saha Group Innovation Contest held during the annual Saha Group Export & Trade Exhibition (Chairman Awards 2017). For the past year, the Company received the 3<sup>rd</sup> place outstanding award for System & Process innovation named "Fulfillment".

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 2017, the Company did not commit any infringement of intellectual property or trademark.

**3.14 Anti-Corruption** Pursuant to the working philosophy of Dr. Thiem 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.

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.

The Company received recognition as a member of Thailand's Private Sector Collective Action Coalition Against Corruption on 14<sup>th</sup> October 2016

**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, Internal Audit Section Manager, 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.

In 2017, there were no complaints filed by shareholders and stakeholders.

Additional details are provided in “Corporate Social Responsibility Report”.

#### 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 2017, 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 and Company Committees 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 December 29<sup>th</sup> 2017”

**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 management structure, sub heading “Remuneration of directors and executive officers” .

**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 2016, 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 “Personal Details of Company

## → Management and Corporate Governance

Directors, Executives, Controller and 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 2017, the Company and companies in the Saha Group, comprising a total of 15 companies, in collaboration with the Stock Exchange of Thailand, held the “9<sup>th</sup> Analysts and Investors Meet Saha Group” event, on June 30<sup>th</sup> 2017 at Queen Sirikit Convention Center within the 21<sup>st</sup> 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:

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.

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.

3. The Board of Directors has appointed Committees to screen key matters prior to submission to the Board of Directors.

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. 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.

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.

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.

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.

9. The Board of Directors has a policy of continually promoting and sponsoring the development of knowledge amongst Company Directors, Executives and employees.

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.

11. The Board of Directors prescribes a duty for Company Directors to attend all Board Meetings unless there is a necessary cause.

12. The Board of Directors has a policy of encouraging senior Executives to attend Board Meetings.

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.

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.



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.

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.

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.

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.

19. The Board of Directors has established an internal audit unit as an internal agency accountable to the Audit Committee.

20. The Board of Directors requires an annual assessment of the Board of Directors' performance.

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.

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.

23. The Board of Directors has prescribed a succession plan for employees in various positions in view of their advancement to higher positions.

24. The Board of Directors provides an orientation for first term Company Directors.

25. The Board of Directors has established an internal control system and risk management system.

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, and 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 2017, there were 8 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                4 persons (including 3 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, Executives, Controller and Company Secretary”. 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 Mr. Supachoke Sirichantaradilok as 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 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, and also gives approval to the strategy, target work plans and annual budget of the Company proposed by the management. A resolution of Board of Directors meeting no. 7/2560 on December 20<sup>st</sup> 2017 has approved the Medium term strategy, short term strategy and operation plan for 2018. The Board of Director also 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. It was published In 3 languages: Thai, English, and Japanese.

Board of Directors had a policy to evaluate and review ethical corporate governance code annually. The code was promoted through corporate website as well as a printed handout distributed to every personnel. All employees were required to strictly follow the code. Moreover, the idea of ethical corporate governance was portrayed by animation and presented to employees regularly in order to raise awareness of ethics in work place. As for the new joiner, the company also included ethical corporate governance code as one of the lesson during the orientation.

Board of Directors appointed ethical governance committee to encourage and promote ethical corporate governance code to directors, executives, and employees. The supervisors were required to ensure their team members strictly follow the code. The aim was to improve company administration with transparent business conduct. The employees who do not follow will receive penalty or will be persecuted if they violated the law. (Further detail of ethical corporate governance code can be found in company's website)

**(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) ). 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. The Audit committee will present the report as well as notice and suggestion to board of Directors every quarters.

During board of Directors meeting 2/2017 on 20 February 2017, the board had reviewed the internal control report of the company and affiliates in 5 aspects including control environment, risk management, control activities, information and communication, and monitoring and evaluations. The board approved it reasonable and effective

**(5) Risk Management** Board of Directors attached importance of the risks management that had an effect on the objective of the Company. Therefore, procedures of risk management were developed systematically and conformed with corporate policies. The Board also 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 agendum 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 2017, 7 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 and **individual**. In 2017, the Company added evaluations of **all Committee**. The results are used to further improve performance of functions. The Company Secretary had sent evaluation forms to all Directors. Each Director enjoys independence in filling the evaluation forms. Upon completion, the forms were returned to the Company Secretary for processing and reporting to the Board of Directors in the Board Meeting.

**The annual collective evaluation of the Board of Directors** may be divided into 3 aspects, namely:

- (1) Role, duty and responsibility of the Board of Directors
- (2) Independence of the Company Director
- (3) Relationship with management and stakeholders

In 2017, the evaluation result achieved the “very good” grade with an average score of 80.79.

**Individual evaluations for each Company Director** are divided into 3 aspects, namely:

- (1) roles, duties and responsibilities of the Company Director;
- (2) Duty fulfillment of the Company Director;
- (3) self-development of the Company Director.

In 2017, the evaluation result achieved the “very good” grade with an average score of 84.53.

#### **Evaluation of the Committee for the year 2017**

The Board of Directors arranged for the evaluation of performance of the Committee in 2017. Each Committee Member evaluated the overall performance. Evaluation results are as below.

- 1) **Audit Committee** the evaluation result achieved the “Excellent” grade with an average score of 90.85
- 2) **Nominating Committee** the evaluation result achieved the “very good” grade with an average score of 78.75
- 3) **Remuneration Committee** the evaluation result achieved the “very good” grade with an average score of 84.44
- 4) **Risk Management Committee** the evaluation result achieved the “very good” grade with an average score of 76.74
- 5) **Governance Committee** the evaluation result achieved the “very good” grade with an average score of 86.35

6) **Executive Committee** the evaluation result achieved the “very good” grade with an average score of 82.74

### **Annual Evaluation of the Managing Director**

The Board of Directors requested the Chairman of the Executive Committee to evaluate the performance of the Managing Director on an annual basis. The result is used to determine remuneration, based on the following factors:

- 1) vision and business strategy;
- 2) leadership, teamwork and succession plan;
- 3) analytic skills and creativity;
- 4) commitment to efficiency and success;
- 5) flexibility and adaptability;
- 6) integrity and loyalty to the organization.

The evaluation result is confidential personal data which cannot be disclosed.

**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 43<sup>rd</sup> General Meeting of Shareholders for 2017 on Tuesday, April 25<sup>th</sup> 2017 approved the remunerations limit for Company Directors at Baht 10.0 million per year. Meeting allowances were paid at the rate approved by the meeting of shareholders. Annual fees were paid to all Directors, the Remunerations Committee was tasked with the allocation of those fees and sent to Board of Director for Approval.

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 2017 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) or courses of other organization. These training would enhance their competence as professional leaders with proper understanding of their roles and duties and enable them to advance 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 “Personal Details of Company Directors, Executives, Controller and Company Secretary”.

## Seminars attended by Directors

List of Directors	Training Course / Seminar
Mr. Supotch Pakaworawuth	<ul style="list-style-type: none"> <li>• Management's role for CAC</li> <li>• Build up Core Values for Business Sustainability</li> <li>• Corporate Governance Code (CGCode) 2017</li> <li>• Marketing Strategy and Consumer Behavior 4.0 era</li> <li>• Big Data Analytics</li> <li>• Director's Duties and Responsibilities for insider Information</li> <li>• The Securities and Exchange Act (No. 5), 2559.</li> </ul>
Ms. Dusadee Soontrontumrong	<ul style="list-style-type: none"> <li>• Management's role for CAC</li> <li>• Build up Core Values for Business Sustainability</li> <li>• Corporate Governance Code (CGCode) 2017</li> <li>• Marketing Strategy and Consumer Behavior 4.0 era</li> <li>• Big Data Analytics</li> <li>• Director's Duties and Responsibilities for insider Information</li> <li>• The Securities and Exchange Act (No. 5), 2559.</li> </ul>
Ms. Marin Leelanuwatana	<ul style="list-style-type: none"> <li>• Management's role for CAC</li> <li>• Build up Core Values for Business Sustainability</li> <li>• Corporate Governance Code (CGCode) 2017</li> <li>• Marketing Strategy and Consumer Behavior 4.0 era</li> <li>• Director's Duties and Responsibilities for insider Information</li> <li>• The Securities and Exchange Act (No. 5), 2559.</li> </ul>
Assoc. Prof. Dr. Nipon Poapongsakorn	<ul style="list-style-type: none"> <li>• Corporate Governance Code (CGCode) 2017</li> </ul>

## Orientation for 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 2017, the Company received a “very good” governance rating for listed companies from the Thai Institute of Directors, sponsored by the SEC and the Stock Exchange of Thailand.

As for good governance principles which the Securities and Exchange Commission plans to promulgate, the Company is in the process of undertaking studies for implementation.

### Compliance with Corporate Governance Code 2017

The Board of Directors was aware of its role as the leader of the organization, then had assigned the Governance Committee to study and analyze Corporate Governance Code for Listed Companies 2017(CG Code). The Governance Committee had attended a seminar on how to implement the said CG Code, what benefits and can apply for creating value for sustainable business.

The Board of Directors had assessed to the operation of each Item as stated in CG Code to ensure that it had process and operation for the CG Code and also had the appropriated business development plan.

### Internal Control System

The Company recognizes the importance of the internal control system for all department, therefore the sufficient internal control system has been installed for covering all activities as appropriate for the business operations. This system aims to increase efficiency and productivity of operations, saving utilisation of the resources and maintenance of assets, financial reporting, accounting and other reports, by ensuring accuracy and reliability, as well as strict compliance with laws, regulations and relevant enactments applicable to the business operations. The Audit Committee review of internal control systems in accordance with the internal control framework of COSO 2013. The Internal Audit Office reviews the internal control system of the Company according to the assessment form of the Office of the Securities and Exchange Commission, including a control self-assessment (CSA) system.

The Board of Directors and Audit Committee are of the opinion that in the year 2017, the Company and subsidiaries had appropriate, sufficient and effective internal control systems.

## Connected Transactions

In 2017, 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 connections of connected companies, policies for determining prices for connected transactions and the connected transactions, as follows:

1. Connected revenues and expenditures for the year ending 31<sup>st</sup> December 2017, e.g. sales revenue, dividends received, other revenues, 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 2017, e.g. accounts receivable, short-term loans, outstanding receipts, investments, accounts payable and outstanding expenditures (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 and connected person that were executed in 2017 are stated below:

#### 1. Ordinary and Usual Course of Business

The Board of Directors in meeting no.8/2559 held on 9<sup>th</sup> November 2016 adopted a resolution which granted authorization for the execution of certain types of transactions with 21 connected persons in respect of the Company's ordinary and usual course of business which occurred or was expected to occur in the year 2017. These transactions were aimed at mutual promotion and business development and enhancement of competitiveness for the benefit of the Company. The prices and other related conditions were reasonable. Details of the transactions are set out below.

No.	Connected Person	Nature of Relationship
1	Saha Pathana Inter-Holding Public Company Limited	Major shareholder
2	Ramasorn Thaveekarn Company Limited	Major shareholder
3	Thai Wacoal Public Company Limited	SPI is a co-major shareholder
4	I.C.C. Internation Public Company Limited	SPI is a co-major shareholder
5	PTK Multi-Service Company Limited	SPI acting as Co-Major shareholder (Indirectly
6	Pitakkij Security Guard Company Limited	shareholding through Pitakkij Co., Ltd.)
7	World Saha Fashion Company Limited	SPI is a co-major shareholder
8	S. Apparel Company Limited	SPI is a co-major shareholder
9	T-Chamber Company Limited	RST is a co-major shareholder
10	Wise Winner Company Limited	RST is a co-major shareholder
11	Thai Monster Company Limited	SPI and RST are co-major shareholders
12	Saha Pathanapibul Public Company Limited	SPI and ICC are co-major shareholders
13	Thai Gunze Company Limited	SPI and ICC are co-major shareholders
14	Thai Secom Pitakkij Company Limited	SPI and ICC are co-major shareholders
15	Thai Takaya Company Limited	SPI and ICC are co-major shareholders
16	Morgan De Toi (Thailand) Company Limited	SPI and ICC are co-major shareholders
17	Thai Itokin Company Limited	SPI and ICC are co-major shareholders

No.	Connected Person	Nature of Relationship
18	SSDC (Tigertex) Company Limited	SPI and ICC are co-major shareholders
19	Erawan Textile Company Limited	SPI and ICC are co-major shareholders
20	Total Way Image Company Limited	SPI, ICC and RST are co-major shareholders
21	International Leather Fashion Corporation Limited	SPI, ICC and RST are co-major shareholders

Note: SPI = Saha Pathana Inter-Holding Public Company Limited  
 ICC = I.C.C. International Public Company Limited  
 RST = Ramasorn Thaveekarn Company Limited

#### General Characteristics of Transactions:

Transaction	Revenue/ Expenditure	Example of Transaction	Approved Limit (Million Baht)	Actual Transaction in 2017 (Million Baht)
Support of Ordinary and Usual Course of Business	Revenue	Transactions occurred from normal business support activities	8.00	2.89
Short-term Lease of Immovable Property Not Exceeding 3 Years	Expenditure	- Rent of Immovable Property	30.00	8.54
Transaction Related to Assets or Services	Expenditure	- data processing services	1.00	0.77
Financial Assistance		- Loans	5.00	1.62
		- Guarantees	99.00	50.00

#### Rules for Determining Returns

- |                            |   |                                                                                                          |
|----------------------------|---|----------------------------------------------------------------------------------------------------------|
| 1. Rental Income           | : | Based on location, condition and assets utilization.                                                     |
| 2. Data Processing service |   | Calculated on cost plus reasonable compensation                                                          |
| 3. Consultancy Fee         |   | Calculated from cost plus reasonable remuneration depending on complexities and scope of services.       |
| 4. Lending interest        |   | Calculated from average deposit interest rates of 5 major commercial banks plus reasonable defined rate. |
| 5. Guarantee fee           |   | Reasonable fee                                                                                           |

#### Interested Directors

leave the meetings room and did not cast votes, namely

1. Mrs. Varindr Leelanuwatana
2. Mr. Supotch Pakaworawuth
3. Miss Dusadee Soontrontumrong
4. Miss Marin Leelanuwatana
5. Mr. Thammarat Chokwatana

## Size of transaction

The above transactions executed between the Company 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). 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.

Opinions by director significantly different from those by the Board of Directors - none-

## 2. Land lease from Saha Pathana Inter-Holding Public Company Limited.

The Board of Directors meeting No.3/2560 held on May 11<sup>st</sup>, 2017 had ratified leasing 3,744 sq.m. of land with 10 years duration to be expired in October 2027. Total lease is Baht 10.12 million, plus one time Baht 1.40 million land development cost payable in May 2017. The Objective is to construct the factory to expand production capacity, and also to apply for investment promotion as follow:

### Connected Persons

Saha Pathana Inter-Holding Public Company Limited - Major shareholder, holding 23.52% of the Company's shares

Interested directors: - none -

Opinions by director significantly different from those by the Board of Directors - none -

## 3. Procurement for construction of factory with Pitakkij Company Limited.

The Board of Directors meeting No.3/2560 held on May 11<sup>st</sup> 2017 had approved the procurement for construction 2-stories factory with total usable area of 3,900 sq.m. approximately. Total remuneration Baht 30.50 million.

### Connected Persons

The Company and Pitakkij Company Limited have their mutual major shareholder.

Major shareholders	Percentage of shareholding in	
	Thanulux Plc.	Pitakkij Co., Ltd.
Saha Pathana Inter-Holding Public Company Limited	23.52%	33.52%
I.D.F. Company Limited	13.33%	17.73%

Interested directors Mr.Thamarat Chokwatana, director, left the meeting and ineligible to vote.

Opinions by director significantly different from those by the Board of Directors - none -

**4. Invest in convertible debentures of Saha Pathana Inter-Holding Public Co., Ltd.**

The Board of Directors meeting No. 4/2560 held on June 13, 2017 had approved to invest in newly issued unsubordinated, unsecured convertible debentures, with credit rating of "AA" by TRIS Rating Co., Ltd., of Saha Pathana Inter-Holding Public Co., Ltd. No. 1/2017 due 2024 (SPI246A) with mandatory conversion condition. Amount of convertible debentures is 38,742 units at Baht 1,000 per unit, totally Baht 38,742,000.

**Connected Persons**

Saha Pathana Inter-Holding Public Company Limited - Major shareholder, holding 23.52% of the Company's shares

**Interested directors:** - none -

**Opinions by director significantly different from those by the Board of Directors** - none -

**5. Buying of ordinary shares of S.Apparel Co., Ltd. from Saha Pathana Inter-Holding Public Co., Ltd.**

The Board of Directors meeting No. 4/2560 held on June 13, 2017 had approved to buy 36,000 ordinary shares of S.Apparel Co., Ltd. at Baht 76.48 per share, totally Baht 2,753,280.

**Connected Persons**

Saha Pathana Inter-Holding Public Company Limited - Major shareholder, holding 23.52% of the Company's shares

**Interested directors:** - none -

**Opinions by director significantly different from those by the Board of Directors** - none -

**6. Buying of machines with relevant equipment from Thai Takaya Co., Ltd.,**

The board of directors meeting No. 5/2560 held on August 10, 2017 had approved to buy 75 sewing machines with relevant equipment at Baht 1.70 million. And also washing machine with relevant equipment at Baht 1.50 million. Total buying amount is Baht 3.20 million.

**Connected Persons**

The Company and Thai Takaya Co., Ltd. have their mutual major shareholder.

Major shareholders	Percentage of shareholding in	
	Thanulux Plc.	Thai Takaya Co., Ltd.
Saha Pathana Inter-Holding Public Company Limited	23.52%	10.00%
I.C.C. International Public Company Limited	11.09%	10.00%

**Interested directors:** Mrs.Varindr Leelanuwatana and Mr.Supotch Pakaworawuth left the meeting and ineligible to vote none

**Opinions by director significantly different from those by the Board of Directors** - none -

**7. Loan guarantee based on investment proportion for Sahapat Real Estate Co., Ltd., connected person.**

The board of directors meeting No. 5/2560 held on August 10, 2017 had approved to provide loan guarantee at the amount of Baht 16,800,000 with 7 years guarantee period from September 1, 2017 based on 2.40 percent investment proportion for Sahapat Real Estate Co., Ltd. (real estate developer) to Bank of Ayudhya Public Company Limited for Baht 700,000,000 long term loan with 7 years repayment period to provide support and financial strength of the invested company's business to achieve its business target as planned.

## Connected Persons

The Company and Sahapat Real Estate Co., Ltd. have their mutual major shareholder.

Major shareholders	Percentage of shareholding in	
	Thanulux Plc.	Sahapat Real Estate Co., Ltd.
Saha Pathana Inter-Holding Public Company Limited	23.52%	40.00%
I.C.C. International Public Company Limited	11.09%	19.90%

**Interested directors** Mr.Thamarat Chokwatana, director, left the meeting and ineligible to vote.

**Opinions by director significantly different from those by the Board of Directors** - none -

## Measures or Procedures for Approving Connected Transactions

1. Transactions in the ordinary and usual course of business between the Company or its subsidiary 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 pursuant to section 89/12 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008). The Management seeks the 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 seeks the 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 must be approved by the Company Executive Committee first. If the size of the transaction is within the Executive Committee's authority, the process would be concluded at this stage. 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 Audit Committee for an opinion before submission to the Board of Directors for approval if the matter is within its authority. If the connected transaction has a value which exceeds the authority of the Board of Directors, the matter would be submitted to the shareholders' meeting for approval pursuant to regulations of the Stock Exchange of Thailand. At any stage of the deliberations, an interested person shall not be present at the meeting and shall not 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
3. Standing of the relevant company as well as managerial competency

## Policies and Trends for Future Connected Transactions

The Company, as a public limited company, is aware of its responsibilities towards shareholders, employees and all stakeholders under the principles of good corporate governance. Connected transactions are only executed as necessary. Any increase or decrease will depend on economic conditions. In any event, there will be full compliance with the rules stated in all Notifications of the Stock Exchange of Thailand on "Rules Governing Connected Transactions."



### 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, 2017, 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

#### Opinion

I have audited the accompanying consolidated financial statements of Thanulux Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thanulux Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanulux Public Company Limited and its subsidiaries and of Thanulux Public Company Limited as of 31 December 2017, their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

#### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### 1. Related Party Transactions

The Company has a commercial agreement with a related company (having co-director/shareholder with the Company) to manufacture and distribute the Company's products in several department stores and other channels. The agreement stipulates that the related company may have goods return within specified period after the sales date.

For the year ended 31 December 2017, the Company has sales transactions with the related company in the amount of Baht 937.79 million, approximately 50 per cent of the Group's total sales. Total goods return is reflected in the consolidated and separate statements of comprehensive income for the year ended 31 December 2017 in the amount of Baht 15.88 million. The management also made an estimate for the provision of goods return of Baht 20.10 million as reflected in the consolidated and separate statement of financial position as of 31 December 2017.

We considered the related party transaction matter a key audit matter because generally transactions with related companies contain management overriding control risk which may affect sales transaction not in ordinary course of business. This matter also requires the use of judgment by management to estimate the allowance for goods return.

Therefore, our audit procedures included the review of the policies and compliance of the control relating to sales recognition with the related party when goods were delivered to department stores and pricing policy under the agreed-upon structure. We also reviewed the sales transactions with other related parties whether they represents the same arrangement as well as compared the prices charged to the related company to those charged to third parties. We found that related party transactions are in ordinary cause of business.

Furthermore, we also reviewed key assumptions used by management to estimate the allowance for goods return whether they are appropriate by testing the reliability of goods return report such as calculation of historical goods return data and gross profit margin ratio. We then compared such information to the actual goods returned outcomes. We also assessed and challenged management assumptions in connection with the decrease of the rate of goods return as a result of more efficient store management and decreasing rates of goods return in the past years.

### 2. Net Realizable Value of Inventories

The Group's inventories as of 31 December 2017 included garments and leather goods in fashionable product group shown in the consolidated and separate financial statements amounting to Baht 345.73 million and Baht 291.21 million, respectively. The Group has a devaluation policy during the year to reduce inventory costs as soon as there is a potential indication, such as product ages, inventory conditions and goods returned, etc. Such policy requires management to use judgment for the product obsolescence and the likely sales prices.

We considered the net realizable value of inventory a key audit matter because of the significant inventory value to the financial statements, the probability that the inventories would be obsolete or out of fashion, and significant use of judgment by the management for the stock devaluation policies.

Our audit included the review the policy and compliance of price reduction policies, including frequencies of inventory devaluation, identification of potentially devalued stock, such as stock ages, number of events which the items were displayed under sales promotion events, product conditions, devalued amount and the situation when it is necessary to devalue more than once, and assessed if they were appropriate to the circumstances. We also reviewed sales documents of the devalued stocks during the year till the date of this report and noted that the sales of the devalued inventories are at the price higher the devalued cost.

Furthermore, we also reviewed the calculation of lower of inventory cost and net realizable value, including the major assumptions used by the management consisting of sales prices and selling expenses.

### 3. Impairment of investments in subsidiary companies, and general investments

As discussed in Notes to the financial statements no. 12 of the separate financial statements, as of 31 December 2017, the Company had net investments in subsidiary companies amounting to Baht 27.54 million. As discussed in note to the financial statements, no. 14 of the consolidated and the separate financial statements, as of 31 December 2017 the Company had net general investments amounting to Baht 379.66 million. The Company had recorded the allowances for impairment of investments in subsidiary companies in the separate financial statements totalling to Baht 72.18 million and general investments in the consolidated and separate financial statements totalling to Baht 41.94 million and Baht 37.94 million, respectively.

We considered the above issue a key audit matter due to the impairment in investments test in accordance with Thai Financial Reporting Standard is material to audit because the recoverable amount of such investment may be lower than the carrying value of investment as of 31 December 2017 and is significant to the financial statements. The consideration of impairment in investments depends on the Group's management judgments and significant assumptions to consider the correct, adequate and appropriate recoverable amount.

Our audit procedures include understanding consideration process and internal control procedures related to the impairment of investments, reviewing the design and implementation of the internal control procedures, calculating test, examining the supporting documents in relation to the management consideration of impairment indicators for investments and assessing the appropriateness of the methodology applied by the Group's management in calculating the impairment charges, and the judgments applied in determining recoverable amount.

### Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. I describe this matter in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Anusorn Kiatgungwalgri



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

Bangkok  
19 February 2018



## → Financial Position and Operation Results

### THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

#### STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2017

(UNIT : BAHT)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	31 December 2017	31 December 2016	31 December 2017	31 December 2016
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	48,235,956	68,323,224	45,423,962	63,988,908
Short-term investments	7	629,318,894	606,154,453	629,318,894	606,154,454
Trade and other receivables	8	289,110,202	319,179,927	318,971,079	321,634,715
Short-term loans to related companies	9	50,000,000	90,000,000	70,000,000	111,000,000
Inventories - net	10	345,727,523	327,418,732	291,205,962	292,247,128
Other current assets		12,056,373	11,144,313	3,232,305	3,661,212
TOTAL CURRENT ASSETS		1,374,448,948	1,422,220,649	1,358,152,202	1,398,686,417
NON-CURRENT ASSETS					
Investments in associate - net	11	7,351,901	9,347,487	9,500,000	9,500,000
Investments in subsidiaries - net	12	-	-	27,540,993	39,242,295
Long-term investments					
Available - for - sale securities - net	13	1,627,533,944	1,371,256,773	1,627,533,944	1,371,256,773
General investments - net	14	379,661,116	383,285,696	379,661,116	383,285,696
Investments in debt securities					
held to maturity - net	15	402,251,311	384,899,044	402,251,311	384,899,044
Other long - term investment	16	38,742,000	-	38,742,000	-
Investment property - net	17	58,291,589	59,932,605	58,291,589	59,932,605
Property, plant and equipment - net	18	409,767,469	404,629,250	382,111,251	375,865,569
Intangible assets - net	19	14,089,585	16,330,253	13,962,831	16,280,498
Leasehold right - net	20	10,542,448	13,201,549	10,542,448	13,201,549
Deferred tax assets	29	37,648,528	41,478,703	36,118,224	38,156,528
Other non - current assets		12,800,861	12,232,585	5,137,737	4,777,479
TOTAL NON - CURRENT ASSETS		2,998,680,752	2,696,593,945	2,991,393,444	2,696,398,036
TOTAL ASSETS		4,373,129,700	4,118,814,594	4,349,545,646	4,095,084,453

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 2017

(UNIT : BAHT)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	31 December 2017	31 December 2016	31 December 2017	31 December 2016
LIABILITIES AND					
SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Overdrafts	21	2,128,834	3,121,596	-	-
Trade and other payables	22	212,401,102	226,116,014	202,772,223	225,309,294
Accrued corporate income tax		3,644,826	2,401,584	3,644,826	2,401,584
Other current liabilities		7,937,800	7,859,256	7,365,041	7,347,785
TOTAL CURRENT LIABILITIES		226,112,562	239,498,450	213,782,090	235,058,663
NON - CURRENT LIABILITIES					
Retirement benefit obligation	23	176,678,660	198,375,217	168,729,877	182,037,175
Deferred tax liabilities	29	210,161,429	167,923,792	209,051,165	166,794,621
Other non - current liabilities		1,204,154	1,186,203	132,631	110,485
TOTAL NON - CURRENT LIABILITIES		388,044,243	367,485,212	377,913,673	348,942,281
TOTAL LIABILITIES		614,156,805	606,983,662	591,695,763	584,000,944

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

## → Financial Position and Operation Results

### THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

#### STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF 31 DECEMBER 2017

(UNIT : BAHT)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	31 December 2017	31 December 2016	31 December 2017	31 December 2016
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		851,773,092	650,230,018	844,599,256	651,331,102
Retained earnings					
Appropriated					
Legal reserve	24	12,000,000	12,000,000	12,000,000	12,000,000
General reserve	25, 33	206,400,000	196,700,000	206,400,000	196,700,000
Unappropriated		2,385,433,666	2,345,016,163	2,393,725,627	2,349,927,407
EQUITY ATTRIBUTABLE TO PARENT COMPANY		3,756,731,758	3,505,071,181	3,757,849,883	3,511,083,509
Non-controlling interests		2,241,137	6,759,751	-	-
TOTAL SHAREHOLDERS' EQUITY		3,758,972,895	3,511,830,932	3,757,849,883	3,511,083,509
TOTAL LIABILITIES AND					
SHAREHOLDERS' EQUITY		4,373,129,700	4,118,814,594	4,349,545,646	4,095,084,453

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 2017

(UNIT : BAHT)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2017	2016	2017	2016
Revenue from sales		1,795,568,116	1,940,411,751	1,708,899,944	1,777,810,650
Revenue from rendering of services		64,109,835	66,246,198	58,100,220	60,742,281
	27	1,859,677,951	2,006,657,949	1,767,000,164	1,838,552,931
Add Allowance for goods returned no longer required	8	(1,000,000)	2,100,000	(1,000,000)	2,100,000
<b>Net sales</b>		<b>1,858,677,951</b>	<b>2,008,757,949</b>	<b>1,766,000,164</b>	<b>1,840,652,931</b>
Cost of sales		(1,272,355,774)	(1,346,361,633)	(1,240,153,305)	(1,262,095,017)
Cost of rendering of services		(47,588,711)	(49,962,284)	(39,908,387)	(40,945,322)
<b>GROSS PROFIT</b>		<b>538,733,466</b>	<b>612,434,032</b>	<b>485,938,472</b>	<b>537,612,592</b>
Other incomes					
Dividend income		49,762,110	43,348,597	49,762,110	43,348,597
Interest income		33,125,252	32,484,514	33,884,596	32,958,203
Rental income from investment property		3,317,480	2,726,680	3,317,480	2,726,680
Rental income		6,261,296	5,607,971	8,007,776	7,945,571
Gain on disposal of investment in subsidiary	11	-	2,335,327	-	3,404,932
Share of loss from investment in associate	12	(1,995,586)	(152,513)	-	-
Others		53,576,167	38,385,113	52,658,610	38,875,763
<b>PROFIT BEFORE EXPENSES</b>		<b>682,780,185</b>	<b>737,169,721</b>	<b>633,569,044</b>	<b>666,872,338</b>
Selling expenses		(98,732,560)	(93,154,648)	(57,209,304)	(49,650,460)
Administrative expenses		(371,006,480)	(383,641,923)	(346,091,738)	(345,593,487)
Royalty expenses		(50,193,975)	(49,072,662)	(49,643,885)	(48,180,159)
Loss on impairment of investment - net	14	(3,347,580)	-	(17,802,086)	(21,168,772)
Directors' remuneration		(5,852,000)	(6,496,000)	(5,852,000)	(6,496,000)
Finance costs		(127,863)	(368,920)	(109)	-
<b>PROFIT BEFORE INCOME TAX EXPENSES</b>		<b>153,519,727</b>	<b>204,435,568</b>	<b>156,969,922</b>	<b>195,783,460</b>
Income tax expenses	29	(3,247,217)	(2,400,236)	(1,474,252)	(2,315,574)
<b>NET PROFIT FOR THE YEAR</b>		<b>150,272,510</b>	<b>202,035,332</b>	<b>155,495,670</b>	<b>193,467,886</b>

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

## → Financial Position and Operation Results

**THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

(UNIT : BAHT)

	NOTE	Consolidated Financial Statements		Separate Financial Statements	
		2017	2016	2017	2016
<b>NET PROFIT FOR THE YEAR</b>		<b>150,272,510</b>	<b>202,035,332</b>	<b>155,495,670</b>	<b>193,467,886</b>
<b>Other comprehensive income:-</b>					
Other comprehensive income to be reclassified to profit or loss in subsequent period:					
Unrealized gain on revaluation of available-for-sale investment (net income tax)	13	165,012,372	71,520,255	165,012,372	71,520,255
Other comprehensive income will not be reclassified to profit or loss in subsequent period:					
Actuarial gain (net income tax)		36,607,737	-	28,255,782	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>201,620,109</b>	<b>71,520,255</b>	<b>193,268,154</b>	<b>71,520,255</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>351,892,619</b>	<b>273,555,587</b>	<b>348,763,824</b>	<b>264,988,141</b>
<b>PROFIT ATTRIBUTABLE TO:-</b>					
Owners of the parent company		152,114,953	205,306,726	155,495,670	193,467,886
Non-controlling interests		(1,842,443)	(3,271,394)	-	-
		<b>150,272,510</b>	<b>202,035,332</b>	<b>155,495,670</b>	<b>193,467,886</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-</b>					
Owners of the parent company					
Net profit for the year		152,114,953	205,306,726	155,495,670	193,467,886
Other comprehensive income to be reclassified to profit or loss in subsequent period:					
Unrealized gain(loss) on revaluation of available-for-sale investment (net income tax)		165,012,372	71,520,255	165,012,372	71,520,255
Other comprehensive income will not be reclassified to profit or loss in subsequent period:					
Actuarial gain (net income tax)		36,530,702	-	28,255,782	-
<b>Total owners of the parent company</b>		<b>353,658,027</b>	<b>276,826,981</b>	<b>348,763,824</b>	<b>264,988,141</b>
Non-controlling interests		(1,765,408)	(3,271,394)	-	-
		<b>351,892,619</b>	<b>273,555,587</b>	<b>348,763,824</b>	<b>264,988,141</b>
<b>BASIC EARNINGS PER SHARE</b>					
Owners of the parent company (Unit : Baht)		1.27	1.71	1.30	1.61
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 2017

(UNIT : BAHT)

CONSOLIDATED FINANCIAL STATEMENTS													
	Notes	Retained earnings			Other components of equity							Non-interests	Total shareholders' equity
		Issued and paid - up share capital	Premium on ordinary shares	Appropriated		Unrealized gain (loss) on revaluation of available-for-sale investments	Difference from change in shareholding ratio in subsidiary company	Actuarial gain	Total other components of shareholders' equity	Total equity of parent			
				Legal Reserve	General Reserve								
Balance as of 1 January 2016		120,000,000	181,125,000	12,000,000	187,200,000	2,239,205,807	574,557,906	(2,296,099)	6,451,586	578,713,393	3,318,244,200	10,031,105	3,328,275,305
General reserve	25, 33	-	-	-	9,500,000	(9,500,000)	-	-	-	-	-	-	-
Dividend payment	33	-	-	-	-	(90,000,000)	-	-	-	-	(90,000,000)	-	(90,000,000)
Total comprehensive income for the year		-	-	-	-	205,306,726	71,520,255	-	-	71,520,255	276,826,981	(3,271,394)	273,555,587
Transfer to retained earnings		-	-	-	-	3,630	-	-	(3,630)	(3,630)	-	40	40
Ending Balance as of 31 December 2016		120,000,000	181,125,000	12,000,000	196,700,000	2,345,016,163	646,078,161	(2,296,099)	6,447,956	650,230,018	3,505,071,181	6,759,751	3,511,830,932
General reserve	25, 33	-	-	-	9,700,000	(9,700,000)	-	-	-	-	-	-	-
Dividend payment	33	-	-	-	-	(101,997,450)	-	-	-	-	(101,997,450)	-	(101,997,450)
Difference from change in shareholding ratio in subsidiary company	12	-	-	-	-	-	-	(218,397)	218,397	-	-	(2,753,206)	(2,753,206)
Total comprehensive income for the year		-	-	-	-	152,114,953	165,012,372	-	36,530,702	201,543,074	353,658,027	(1,765,408)	351,892,619
Ending Balance as of 31 December 2017		120,000,000	181,125,000	12,000,000	206,400,000	2,385,433,666	811,090,533	(2,514,496)	43,197,055	851,773,092	3,756,731,758	2,241,137	3,758,972,895

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 2017

SEPARATE FINANCIAL STATEMENTS											(UNIT : BAHT)
	Retained earnings				Other components of equity						
	Notes	Issued and paid - up share capital	Premium on ordinary shares	Appropriated		Unappropriated	Unrealized gain on revaluation of available-for-sale investments	Actuarial gain	Total other components of shareholders' equity	Total shareholders' equity	
				Legal Reserve	General Reserve						
Balance as of 1 January 2016		120,000,000	181,125,000	12,000,000	187,200,000	2,255,959,521	574,557,906	5,252,941	579,810,847	3,336,095,368	
General reserve	25, 33	-	-	-	9,500,000	(9,500,000)	-	-	-	-	
Dividend payment	33	-	-	-	-	(90,000,000)	-	-	-	(90,000,000)	
Total comprehensive income for the year		-	-	-	-	193,467,886	71,520,255	-	71,520,255	264,988,141	
Ending Balance as of 31 December 2016		120,000,000	181,125,000	12,000,000	196,700,000	2,349,927,407	646,078,161	5,252,941	651,331,102	3,511,083,509	
General reserve	25, 33	-	-	-	9,700,000	(9,700,000)	-	-	-	-	
Dividend payment	33	-	-	-	-	(101,997,450)	-	-	-	(101,997,450)	
Total comprehensive income for the year		-	-	-	-	155,495,670	165,012,372	28,255,782	193,268,154	348,763,824	
Ending Balance as of 31 December 2017		120,000,000	181,125,000	12,000,000	206,400,000	2,393,725,627	811,090,533	33,508,723	844,599,256	3,757,849,883	

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 2017

(UNIT : BAHT)

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax expenses	153,519,727	204,435,568	156,969,922	195,783,460
Adjustments :-				
Increase (decrease) in allowance for doubtful accounts	5,813,104	(50,156)	5,813,104	(50,156)
Increase (decrease) in allowance for goods returned	1,000,000	(2,100,000)	1,000,000	(2,100,000)
Increase in allowance for slow - moving stock	439,357	1,275,295	-	-
Dividend income	(49,762,110)	(43,348,597)	(49,762,110)	(43,348,597)
Depreciation and amortization	45,938,686	52,618,732	43,392,342	48,873,041
Loss on disposal of investments	3,756,800	295,347	3,756,800	295,347
Gain on disposal of investment in subsidiary	-	(2,335,327)	-	(3,404,932)
Share of loss from investment in associate	1,995,586	152,513	-	-
Realized gain on revaluation of mutual fund	(741,812)	(536,833)	(741,812)	(536,833)
Unrealized (gain) loss on revaluation of trading securities	(829,747)	(36,801)	(829,747)	10,304
(Gain) loss on impairment of investment	3,347,580	(640,866)	17,802,086	21,168,772
Loss from retirement of fixed assets	113,279	1,423,359	9,769	3,762
Gain on disposal of fixed assets	(1,599,437)	(2,607,084)	(1,087,380)	(1,761,408)
(Gain) loss on exchanges	634,712	(113,997)	630,455	180,575
Finance costs	127,863	368,920	109	-
Interest income	(33,125,252)	(32,484,514)	(33,884,596)	(32,958,203)
<b>PROFIT FROM OPERATION BEFORE CHANGES</b>				
<b>IN OPERATING ASSETS AND LIABILITIES</b>	<b>130,628,336</b>	<b>176,315,559</b>	<b>143,068,942</b>	<b>182,155,132</b>
Operating assets (increase) decrease				
Trade and other receivables	21,098,708	23,747,874	(6,374,906)	49,731,428
Inventories	(18,748,148)	10,211,410	1,041,166	(22,006,115)
Other current assets	(97,014)	3,572,583	428,907	2,518,695
Other non-current assets	1,136,676	(892,713)	1,722,809	(626,882)
Operating liabilities increase (decrease)				
Trade and other payables	(13,621,628)	(1,073,590)	(22,438,889)	19,919,192
Other current liabilities	423,105	(1,130,543)	(196,217)	(883,029)
Retirement benefit obligations	21,975,126	20,010,065	22,012,430	18,289,282
Other non-current liabilities	17,948	(79,864)	22,145	9,066
<b>CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<b>142,813,109</b>	<b>230,680,781</b>	<b>139,286,387</b>	<b>249,106,769</b>
Corporate income tax paid	(4,597,761)	(4,597,679)	(3,602,796)	(3,566,840)
<b>NET CASH RECEIVED FROM OPERATING ACTIVITIES</b>	<b>138,215,348</b>	<b>226,083,102</b>	<b>135,683,591</b>	<b>245,539,929</b>

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

## → Financial Position and Operation Results

### THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

#### STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

(UNIT : BAHT)

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Dividend received	49,788,766	43,348,597	49,788,766	43,348,597
Interest received	35,082,307	33,168,518	35,908,535	33,575,323
Decrease in fixed deposits, bill of exchange and certificate of deposits	82,688,486	107,480,818	82,688,486	107,480,818
Cash received from redemption of trading securities - debt securities	646,140,000	298,133,151	646,140,000	298,133,151
Cash paid for investment in trading securities - debt securities	(690,921,366)	(338,600,000)	(690,921,366)	(336,600,000)
Cash received from short-term loans to related parties	40,000,000	-	44,000,000	3,000,000
Cash paid for short - term loans to related parties	-	(13,000,000)	(3,000,000)	(37,000,000)
Cash paid for investment in subsidiary	(2,753,204)	-	(2,753,204)	-
Proceeds from disposal of investment in subsidiary	-	9,999,800	-	9,999,800
Cash paid for investment in associate	-	(9,500,000)	-	(9,500,000)
Increase in investments in available-for-sale securities				
- marketable equity securities - net	3,291,168	(38,440,352)	3,291,168	(38,440,352)
Increase in investments in available-for-sale securities				
- debt securities - net	(53,302,873)	(36,303,761)	(53,302,873)	(36,303,761)
Acquisition of debt securities held to maturity	(158,438,692)	(139,000,000)	(158,438,692)	(139,000,000)
Cash received from redemption of debt securities held to maturity	81,000,000	39,000,000	81,000,000	39,000,000
Cash paid for general investments	(5,431,800)	(4,329,798)	(5,431,800)	(4,329,798)
Proceeds from disposal and decrease in share capital				
- of general investments	1,952,000	960,000	1,952,000	960,000
Proceeds from capital distribution of general investment	-	29,652	-	29,652
Cash paid for other long - term investment - convertible debenture	(38,742,000)	-	(38,742,000)	-
Acquisition of investment property	-	(9,000,000)	-	(9,000,000)
Cash paid for advance in fixed assets	(2,520,000)	-	(2,520,000)	-
Acquisition of fixed assets	(44,616,252)	(50,058,096)	(42,980,846)	(48,995,673)
Acquisition of intangible assets	(322,400)	(378,100)	(322,400)	(478,100)
Proceeds from disposal of fixed assets	1,888,689	3,073,927	1,360,617	2,093,560
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(55,217,171)</b>	<b>(103,415,644)</b>	<b>(52,283,609)</b>	<b>(122,026,783)</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 2017

(UNIT : BAHT)

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Decrease in overdrafts	(992,762)	(2,878,403)	-	-
Cash paid for finance cost	(127,864)	(368,920)	(109)	-
Dividend payment	(101,964,819)	(90,000,000)	(101,964,819)	(90,000,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(103,085,445)</b>	<b>(93,247,323)</b>	<b>(101,964,928)</b>	<b>(90,000,000)</b>
<b>CASH AND CASH EQUIVALENT</b>				
<b>INCREASE (DECREASE) - NET</b>	<b>(20,087,268)</b>	<b>29,420,135</b>	<b>(18,564,946)</b>	<b>33,513,146</b>
Cash and cash equivalent - 1 January	68,323,224	38,903,089	63,988,908	30,475,762
<b>CASH AND CASH EQUIVALENT - 31 DECEMBER</b>	<b>48,235,956</b>	<b>68,323,224</b>	<b>45,423,962</b>	<b>63,988,908</b>

ADDITIONAL DISCLOSURE ITEMS TO

CASH FLOWS STATEMENTS:-

Significant non-cash items consist of

- Unrealized gain on revaluation

of available - for - sale securities (net income tax)	165,012,372	71,520,255	165,012,372	71,520,255
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- Actuarial gain (net income tax)	36,607,737	-	28,255,782	-
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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 2017**

**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 2017 and 2016 are as follows :-

	% of issued and paid-up share capital	
	31-December-2017	31-December-2016
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 The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

## 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 and revised the financial reporting standards that are effective for fiscal years beginning on or after 1 January 2017. 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 above 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 2018. The Group does not plan to early adopt these TFRS. The Group's management has assessed the effect of the above financial reporting standards and believes that these standards will not have significant 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 2017 and 2016, the consolidated financial statements include the financial statements of Thanulux Public Company Limited and its subsidiaries together referred to as the "Group" and the Group's interests in associate as follows :-

	% of Shareholding/Voting right		Incorporated		
	31 Dec 2017	31 Dec 2016	in	Location	Main activities
Subsidiaries :					
S. Apparel Co.,Ltd.*	99.99	80.00	Thailand	4/2 Moo 8, Bangna-Trad Road, KM. 18 Bangchalong, Bangplee, Samutprakarn.	Manufacturing, subcontracting and distributing apparel
Celebrate Wealth Co.,Ltd.	87.76	87.76	Thailand	129/1, Chongnonthri Road, Chongnonthri, Yannawa, Bangkok.	Distributing apparel
Associate :					
World Saha Fashion Co.,Ltd.**	19.15/19.00	19.15/19.00	Thailand	129/1, Chongnonthri Road, Chongnonthri, Yannawa, Bangkok.	Distributing apparel

\* During the year 2017, The Company purchased S.Apparel Co., Ltd. shares from a related party (note 12).

\*\* Although the Group has shareholding and voting right less than 20 percent but has significant influence over the company's operation.



- Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of subsidiaries and associate are prepared on the same reporting period as the Company's, using consistent significant accounting policies.

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.

- Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

- Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

- Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### 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 and associate in the separate financial statements of the Company are accounted for using the cost method less impairment losses. Investment in associate in the consolidated financial statements is accounted for using the equity 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 Group's operations 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 Group 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.



## → Financial Position and Operation Results

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 2017 and 2016 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. Celebrate Wealth Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders and being subsidiary
3. World Saha Fashion Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders and being associate
4. T-Chamber Co., Ltd.	Distributing apparel	Co-shareholders
5. People's Garment Plc.	Garment manufacturing	Co-shareholders
6. I.C.C. International Plc.	Consumer goods distributing	Co-directors, Co-shareholders
7. Sahacogen (Chonburi) Plc.	Electricity generating and distributing	Co-shareholders
8. Thai Wacoal Plc.	Ladies' lingerie manufacturing	Co-directors, Co-shareholders
9. Textile Prestige Plc.	Embroidery fabric manufacturing	Co-directors, Co-shareholders
10. Saha Pathana Inter- Holding Plc.	Holding company	Co-shareholders
11. Far East DDB Plc.	Advertising	Co-shareholders
12. OCC Plc.	Distributing cosmetics and apparel	Co-shareholders
13. Saha Pathanapibul Plc.	Consumer goods distributing	Co-shareholders
14. Thai Monster Co., Ltd.	Garment manufacturing	Co-directors, Co-shareholders
15. Total Way Image Co., Ltd.	Leatherware manufacturing	Co-directors, Co-shareholders
16. Thai Naxis Co., Ltd.	Label manufacturing	Co-shareholders

RELATED PARTIES	TYPES OF BUSINESS	RELATIONSHIP
17. SSDC (Tigertex) Co., Ltd.	Bleaching, dyeing fabric and yarn	Co-directors, Co-shareholders
18. International Commercial Coordination (Hong Kong) Ltd.	Distributing apparel	Co-shareholders
19. International Leather Fashion Corp. Ltd.	Leatherware manufacturing	Co-directors, Co-shareholders
20. Wise Winner Co., Ltd.	Distributing garment and sport equipment	Co-shareholders
21. Morgan De Toi (Thailand) Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders
22. Champ Ace Co., Ltd.	Real estate development	Co-directors, Co-shareholders
23. Pak Numpo Wattana Co., Ltd.	Distributing apparel	Co-management, Co-shareholders
24. Intanin Chiangmai Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders
25. Koraj Wattana Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders
26. Sun & Sand Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders
27. Eastern I.C.C. Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders
28. Maharachapreuk Co., Ltd.	Distributing apparel	Co-management, Co-shareholders
29. Thai Takaya Co., Ltd.	Jeans manufacturing	Co-directors, Co-shareholders
30. Thai Gunze Co., Ltd.	Garment manufacturing	Co-shareholders
31. Waseda Education (Thailand) Co., Ltd.	Education institution	Co-shareholders
32. Thai Bunka Fashion Co., Ltd.	Fashion institution	Co-directors, Co-shareholders
33. Sriracha Aviation Co., Ltd.	Machinery and plane maintenance	Co-directors, Co-shareholders
34. K. Commercial and Construction Co. Ltd.	Construction contractor	Co-shareholders
35. H & B Intertext Co., Ltd.	Fabric doll manufacturing	Co-shareholders
36. Thai Shikibo Co., Ltd.	Cotton yarn manufacturing	Co-shareholders
37. Thai Staflex Co., Ltd.	Fabric products	Co-shareholders
38. Treasure Hill Co., Ltd.	Golf course	Co-directors, Co-shareholders
39. Thai Asahi Kasei Spandex Co., Ltd.	Manufacturing and distributing spandex	Co-shareholders
40. Value Added Textile Co., Ltd.	Fabric embroidering and printing	Co-shareholders
41. Panland Co., Ltd.	Property development	Co-shareholders
42. Wien International Co., Ltd.	Direct sale	Co-shareholders
43. Sahapat Real Estate Co., Ltd.	Real estate development	Co-directors, Co-shareholders
44. Janome (Thailand) Co., Ltd.	Sewing machines	Co-shareholders

## → Financial Position and Operation Results

RELATED PARTIES	TYPES OF BUSINESS	RELATIONSHIP
45. Sahapat Properties Co., Ltd.	Property development	Co-directors, Co-shareholders
46. Thai Itokin Co., Ltd.	Garment manufacturing	Co-shareholders
47. Racha Uchino Co., Ltd.	Household textile	Co-shareholders
48. Erawan Textile Co., Ltd.	Spun yarn and fabrics manufacturing	Co-shareholders
49. Pattaya Manufacturing Co., Ltd.	Garment manufacturing	Co-shareholders
50. Ramasorn Thaveekarn Co., Ltd.	Investment	Major shareholders
51. PTK Multi Services Co., Ltd.	Garden maintenance and cleaning service	Co-shareholders
52. I.D.F. Co., Ltd.	Investment	Major shareholders
53. Bangkok Tokyo Socks Co., Ltd.	Manufacturing and distributing socks	Co-shareholders
54. Fujix International Co., Ltd.	String distributing	Co-shareholders
55. PT. TRINITY LUXTRO APPAREL	Distributing apparel	Co-management, Co-shareholders
56. Pitakkij Security Guard Co., Ltd.	Security service	Co-shareholders
57. Saha Asia Pacific Co., Ltd.	Rental and manage property	Co-directors, Co-shareholders
58. Singer Thailand Plc.	Service and Commercial	Co-shareholders
59. President Bakery Plc.	The food and beverage	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 3.75% - 4.375% 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
Purchase of fixed assets	Agreed-upon price

## 5.2 RELATED PARTY REVENUE AND EXPENSES

The revenue, expenses and other transaction for the years ended 31 December 2017 and 2016 are as follows :-

	(UNIT: THOUSAND BAHT)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Transactions with subsidiaries</b>				
Revenue from sales and services	-	-	66,073	58,417
Interest income	-	-	782	514
Gain on disposal of fixed assets	-	-	6	19
Other income	-	-	5,623	6,124
Purchase of goods and raw materials	-	-	27	1,749
Rendering of service	-	-	21,161	17,789
Selling and administrative expenses	-	-	8,610	12,624
Purchase of fixed assets	-	-	(28)	273
<b>Transactions with related parties</b>				
<b>Revenue from sales and services</b>				
- I.C.C. International Plc.	937,787	949,896	937,785	949,749
- Others	70,087	70,551	66,391	67,162
Total	1,007,874	1,020,447	1,004,176	1,016,911
Dividend income (Notes 13 and 14)	45,946	39,445	45,946	39,445
Interest income	2,875	3,731	2,875	3,731
Gain on disposal of fixed assets	246	17	246	17
Other income	30,773	27,349	29,346	25,804
Purchase of goods and raw materials	145,644	169,577	104,364	141,787
Rendering of service	1,963	2,145	1,963	2,145
Selling and administrative expenses	62,379	65,736	63,027	61,906
Purchase of general investment	5,432	13,830	5,432	13,830
Purchase of marketable equity securities	19,079	27,490	19,079	27,490
Purchase of fixed assets	1,787	9,072	1,787	9,072

### 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.

## → Financial Position and Operation Results

Management benefit expenses for the years ended 31 December 2017 and 2016 are as follows :-

(UNIT: BAHT)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	31,720,166	31,173,997	28,374,866	26,244,610
Post-employment benefits	1,399,642	2,804,110	1,148,089	2,559,912
Total	33,119,808	33,978,107	29,522,955	28,804,522

### 5.3 INTER - COMPANY BALANCES OF ASSETS AND LIABILITIES

As of 31 December 2017 and 2016, inter - company balances are as follows :-

(UNIT: THOUSAND BAHT)

	Consolidated financial statements		Separate financial statements	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Accounts receivable - trade				
Subsidiaries	-	-	47,292	19,209
Related companies				
- I.C.C. International Plc.	175,196	195,785	175,214	195,773
- Others	26,834	26,115	26,591	24,962
Total (Note 8)	202,030	221,900	249,097	239,944
Short-term loans				
Subsidiaries	-	-	20,000	21,000
Related companies	50,000	90,000	50,000	90,000
Total (Note 9)	50,000	90,000	70,000	111,000
Accrued income				
Subsidiaries	-	-	252	391
Related companies	1,631	1,464	1,507	1,430
Total	1,631	1,464	1,759	1,821
Investments - net				
Subsidiaries (Note 12)	-	-	27,541	39,242
Associate (Note 11)	7,351	9,347	9,500	9,500
Other related companies (Note 13,14)	1,709,845	1,508,896	1,709,845	1,508,896
Total	1,717,196	1,518,243	1,746,886	1,557,638
Accounts payable – trade				
Subsidiaries	-	-	2,126	3,341
Related companies	24,306	20,845	15,917	18,645
Total (Note 22)	24,306	20,845	18,043	21,986
Accrued expenses				
Subsidiaries	-	-	2,989	2,370
Related companies	10,458	9,642	10,837	9,398
Total	10,458	9,642	13,826	11,768

## Financial Position and Operation Results ←

Movements of loans to related parties for the years ended 31 December 2017 and 2016 are as follows :-

(UNIT: THOUSAND BAHT)

	Consolidated financial statements		Separate financial statements		Interest per annum (per cent)	
	2017	2016	2017	2016	2017	2016
Erawan Textile Co., Ltd.						
Beginning balance	70,000	70,000	70,000	70,000		
Add increase during the year	-	-	-	-		
Less repayment during the year	(40,000)	-	(40,000)	-		
Ending balance	30,000	70,000	30,000	70,000	4.375	4.375
Celebrate Wealth Co., Ltd.						
Beginning balance	-	-	21,000	-		
Add increase during the year	-	-	-	24,000		
Less repayment during the year	-	-	(4,000)	(3,000)		
Ending balance	-	-	17,000	21,000	3.75	3.75
Morgan De Toi (Thailand) Ltd.						
Beginning balance	20,000	7,000	20,000	7,000		
Add increase during the year	-	13,000	-	13,000		
Less repayment during the year	-	-	-	-		
Ending balance	20,000	20,000	20,000	20,000	4.00	4.00
S. Apparel Co., Ltd.						
Beginning balance	-	-	-	-		
Add increase during the year	-	-	3,000	-		
Less repayment during the year	-	-	-	-		
Ending balance	-	-	3,000	-	3.75	
Total short-term loans - net	50,000	90,000	70,000	111,000		

### 6. CASH AND CASH EQUIVALENTS

(UNIT: THOUSAND BAHT)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash on hand	714,074	286,308	642,555	209,646
Deposits - saving accounts	37,509,938	43,025,081	34,769,463	38,767,427
Fixed deposits and bill of exchanges	10,011,944	25,011,835	10,011,944	25,011,835
Total	48,235,956	68,323,224	45,423,962	63,988,908

## → Financial Position and Operation Results

### 7. SHORT - TERM INVESTMENTS

		(UNIT: BAHT)	
		Consolidated and Separate financial statements	
		2017	2016
1) Fixed deposits & certificate of deposits	(*)	357,002,221	459,502,200
2) Bill of exchange	(**)	19,811,492	-
3) Trading securities			
- Mutual funds		83,951,446	106,549,633
- Government bond		68,121,366	-
<u>Add</u> Unrealized gain on revaluation of investment		932,369	102,621
total		153,005,181	106,652,254
4) Held-to-maturity debt securities due within 1 year			
- Debentures (note 15)		99,500,000	40,000,000
Total		629,318,894	606,154,454

(\*) Fixed deposit and certificate of deposits are subject to the interest at 1.0 - 2.0 percent per annum. (2016 : 1.0 - 2.5 percent per annum)

(\*\*) The year 2017, bill of exchange of the securities company has the face value of Baht 20 million and has original maturity of 6 months.

#### 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.
- The fair value measurement of investments in government bond 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.

Movements of investments in mutual funds for the years ended 31 December 2017 and 2016 are as follows :-

		(UNIT: BAHT)	
		Consolidated and Separate financial statements	
		2017	2016
Beginning balance - fair value		106,652,254	73,168,851
Acquisition		690,921,366	336,600,000
Redemption		(645,398,187)	(303,106,293)
Changes in unrealized gain on revaluation of investment		829,748	(10,304)
Ending balance - fair value		153,005,181	106,652,254



## 8. TRADE AND OTHER RECEIVABLES

(UNIT: BAHT)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Account receivables - trade</b>				
Related companies (Note 5.3)	202,029,518	221,900,583	249,096,770	239,944,172
Others	94,552,960	96,764,340	78,409,277	81,827,661
<b>Total</b>	<b>296,582,478</b>	<b>318,664,923</b>	<b>327,506,047</b>	<b>321,771,833</b>
<u>Less</u> Allowance for doubtful accounts	(6,265,180)	(452,076)	(6,265,180)	(452,076)
Allowance for goods returned	(20,100,000)	(19,100,000)	(20,100,000)	(19,100,000)
<b>Account receivables - trade - net</b>	<b>270,217,298</b>	<b>299,112,847</b>	<b>301,140,867</b>	<b>302,219,757</b>
<b>Other receivables</b>				
Accrued income	4,105,857	4,645,190	4,365,760	5,278,569
Accrued interest	6,028,146	7,398,776	6,028,146	7,465,660
Advance payment for goods	1,601,108	1,544,406	1,601,108	1,544,406
Others	7,157,793	6,478,708	5,835,198	5,126,323
<b>Total trade and other receivables</b>	<b>289,110,202</b>	<b>319,179,927</b>	<b>318,971,079</b>	<b>321,634,715</b>

The aging of trade accounts receivable are as follows :-

(UNIT: BAHT)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Related companies</b>				
Current	185,535,652	217,489,443	211,262,341	235,533,032
Overdue within 3 months	9,587,982	4,294,046	30,703,442	4,294,046
Over 3 to 6 months	1,605,702	117,094	1,830,805	117,094
Over 6 to 12 months	391,929	-	391,929	-
Over 12 months	4,908,253	-	4,908,253	-
<b>Total</b>	<b>202,029,518</b>	<b>221,900,583</b>	<b>249,096,770</b>	<b>239,944,172</b>
Less Allowance for doubtful accounts	(5,853,141)	-	(5,853,141)	-
Allowance for goods returned	(20,100,000)	(19,100,000)	(20,100,000)	(19,100,000)
<b>Net</b>	<b>176,076,377</b>	<b>202,800,583</b>	<b>223,143,629</b>	<b>220,844,172</b>
<b>Other companies</b>				
Current	63,156,623	68,909,705	49,618,296	54,016,121
Overdue within 3 months	29,791,335	26,921,199	27,212,055	26,891,085
Over 3 to 6 months	1,192,964	481,360	1,166,887	468,379
Over 6 to 12 months	34,692	18,632	34,692	18,632
Over 12 months	377,346	433,444	377,347	433,444
<b>Total</b>	<b>94,552,960</b>	<b>96,764,340</b>	<b>78,409,277</b>	<b>81,827,661</b>
Less Allowance for doubtful accounts	(412,039)	(452,076)	(412,039)	(452,076)
<b>Net</b>	<b>94,140,921</b>	<b>96,312,264</b>	<b>77,997,238</b>	<b>81,375,585</b>
<b>Total</b>	<b>270,217,298</b>	<b>299,112,847</b>	<b>301,140,867</b>	<b>302,219,757</b>

## → Financial Position and Operation Results

Movements of allowance for goods returned for the years ended 31 December 2017 and 2016 are as follows :-

	(UNIT: BAHT)	
	Consolidated and Separate financial	
	statements	
	2017	2016
Beginning balance	19,100,000	21,200,000
Increase (Decrease) (included in revenue from sales in the statement of comprehensive income)	1,000,000	(2,100,000)
Ending balance	20,100,000	19,100,000

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

As of 31 December 2017 and 2016, the loans represent promissory notes which are unsecured and repayable at call and subject to the interest at 3.750 - 4.375 percent per annum. (Note 5.3)

### 10. INVENTORIES - NET

	(UNIT: BAHT)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Finished goods	164,906,477	149,312,207	108,799,022	113,566,261
Work in process	64,341,753	69,653,805	64,222,732	69,500,910
Raw materials	97,724,668	101,293,486	97,719,439	100,749,936
Supplies	1,656,188	1,806,732	1,469,403	1,619,947
Goods in transit	18,995,366	6,810,074	18,995,366	6,810,074
Total	347,624,452	328,876,304	291,205,962	292,247,128
<u>Less</u> Allowance for slow - moving stock	(1,896,929)	(1,457,572)	-	-
Net	345,727,523	327,418,732	291,205,962	292,247,128

### 11. INVESTMENTS IN ASSOCIATE - NET

	(UNIT: THOUSAND BAHT)									
	Paid - up		Percentage of		Cost method		Equity method		Dividend	
	share capital		shareholding						Received	
Associate company	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
World Saha Fashion Co., Ltd.	50,000	50,000	19.15	19.15	9,500	9,500	7,351	9,347	-	-

Movements of investment in associate for the period ended 31 December 2017 and 2016 as follows :-

	(UNIT: THOUSAND BAHT)	
	Consolidated financial statements	
	2017	2016
Beginning balance	9,347	-
Acquisition	-	9,500
Share of net loss under equity method	(1,996)	(153)
As of 31 December	7,351	9,347

Summary of financial statements of investment in associate and statement of income for the year ended 31 December 2017 and 2016 as follows :-

(UNIT: THOUSAND BAHT)		
Consolidated financial statements		
	2017	2016
Current assets	37,732	49,423
Non - current assets	3,352	121
Current liabilities	1,842	340
Non - current liabilities	459	-
Total revenue	8,403	-
Total expense	(18,823)	(796)
Net loss for the period	(10,420)	(796)

## 12. INVESTMENTS IN SUBSIDIARIES - NET

(UNIT: THOUSAND BAHT)								
Separate financial statements								
	Paid - up share capital		Percentage of shareholding		Cost method		Dividend for the years ended	
	2017	2016	2017	2016	2017	2016	2017	2016
Subsidiary companies								
S. Apparel Co., Ltd.	18,000	36,000	99.99	80.00	30,483	27,730	-	-
Celebrate Wealth Co.,Ltd.	85,000	85,000	87.76	87.76	69,236	69,236	-	-
					99,719	96,966	-	-
Less Allowance for impairment					(72,178)	(57,724)	-	-
Net					27,541	39,242	-	-

Movements of allowance for impairment for the years ended 31 December 2017 and 2016 are as follows :-

(UNIT: BAHT)		
Separate financial statements		
	2017	2016
Beginning balance	57,724	39,318
Increase (included in loss on impairment of investment)	14,454	18,406
Ending balance	72,178	57,724

Significant movements of investment in subsidiaries for the years ended 31 December 2017 and 2016 are as follows :-

- On 30 September 2016, the Company has sold all shares in T-Chamber Co., Ltd. to a related company at Baht 100 per share amounting to Baht 10 million. The Company had the gain on sales of the investment was shown in the consolidated and separate statements of income of Baht 2.34 million and Baht 3.41 million, respectively.

## → Financial Position and Operation Results

- On 24 February 2017, the Company's Annual General Meeting of shareholders of S. Apparel Co., Ltd. approved the decrease of the Company capital to offset against deficits in the amount of Baht 18 million (comprising of 0.18 million shares of Baht 100 each). The registered capital after the capital reduction is Baht 18 million (comprising of 0.18 million shares of Baht 100 each).
- On 13 June 2017, the board of director meeting of the Company approved the acquisition of 36,000 shares of S.Apparel Co., Ltd. at Baht 76.48 per share totaling Baht 2.75 million from Saha Pathana Inter-Holding Public Company Limited that made the Company's shareholding interest increase from 80.00% to 99.99%.

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

(UNIT: THOUSAND BAHT)

	Consolidated and separate financial statements			
	Investment		Dividend for the years ended	
	2017	2016	2017	2016
<b>Marketable equity securities</b>				
Related companies	347,673	352,214	27,351	25,309
Others	88,776	87,526	3,743	3,791
Total cost	436,449	439,740	31,094	29,100
Add Unrealized gain on investment revaluation	1,012,490	807,505	-	-
Total fair value	1,448,939	1,247,245	31,094	29,100
<b>Debt securities</b>				
Government bonds	14,233	24,731	-	-
Debentures	162,989	99,188	-	-
Total cost	177,222	123,919	-	-
Add Unrealized gain on investment revaluation	1,373	93	-	-
Total fair value	178,595	124,012	-	-
Total fair value of investments for sale securities	1,627,534	1,371,257	31,094	29,100

#### 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 2017 and 2016 are as follows :-

(UNIT: THOUSAND BAHT)

	Consolidated and separate financial statements		
	Equity securities	Debt securities	Total
Balance as of 1 January 2016	717,126	1,072	718,198
Increase (decrease) during the year - net	90,379	(979)	89,400
Balance as of 31 December 2016	807,505	93	807,598
Increase (decrease) during the year - net	204,985	1,280	206,265
Balance as of 31 December 2017	1,012,490	1,373	1,013,863

As of 31 December 2017 and 2016, investments in marketable equity securities consist of :-

(UNIT : THOUSAND BAHT)

		Consolidated and separate financial statements					
	Paid - up capital	Percentage of shareholding		Investment		Dividend for the years ended	
	Thousand)	2017	2016	2017	2016	2017	2016
Related companies							
1. People’s Garment Plc.	96,000	14.05	14.05	52,684	52,684	-	-
2. I.C.C. International Plc.	290,634	3.44	3.44	125,562	125,562	11,507	10,506
3. Sahacogen (Chonburi) Plc.	955,000	1.88	1.88	39,277	39,277	2,510	1,793
4. Thai Wacoal Plc.	120,000	1.39	1.39	22,475	22,475	2,171	1,837
5. Textile Prestige Plc.	108,000	0.96	0.96	10,185	10,185	725	1,656
6. Saha Pathana Inter-Holding Plc.	494,034	0.90	0.97	63,370	67,911	2,153	1,579
7. Far East DDB Plc.	75,000	0.35	0.35	505	505	181	155
8. OCC Plc.	60,000	0.13	0.13	41	41	56	56
9. Saha Pathanapibul Plc.	330,000	0.07	0.07	995	995	420	257
10. President Bakery Plc.	450,000	1.00	1.00	13,500	13,500	7,290	7,065
11. Singer Thailand Plc.	270,000	0.50	0.50	19,079	19,079	338	405
Total				347,673	352,214	27,351	25,309
Add Unrealized gain on investment revaluation				991,014	781,910	-	-
Net				1,338,687	1,134,124	27,351	25,309
Others							
1. Nation Multimedia Group Plc.				21,818	21,818	-	595
2. Bangkok Bank Plc.				11,429	11,429	882	872
3. Kasikorn Bank Plc.				1,227	1,076	68	68
4. The Siam Cement Plc.				5,081	5,850	395	398

## → Financial Position and Operation Results

(UNIT : THOUSAND BAHT)

	Consolidated and separate financial statements						
	Paid - up capital Thousand)	Percentage of		Investment		Dividend	
		shareholding				for the years ended	
		2017	2016	2017	2016	2017	2016
5. PTT Plc.				1,814	2,120	188	86
6. MK Restaurant Group Plc.				509	509	22	20
7. BTS Growth mutual fund				16,951	15,798	1,143	848
8. Regal Corporation				9,853	9,853	310	357
9. Tesco Lotus Property Fund (TLGF)				7,616	6,783	335	75
10. Krung Thai Bank Plc.				705	921	32	30
11. CP All Plc.				844	844	25	25
12. Berli Jucker Plc.				591	723	9	11
13. Bangkok Life Assurance Plc.				835	820	14	12
14. Others				9,503	8,982	320	394
Total				88,776	87,526	3,743	3,791
Add Unrealized gain on investment revaluation				21,476	25,595	-	-
Net				110,252	113,121	3,743	3,791
Total				1,448,939	1,247,245	31,094	29,100

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

(UNIT: THOUSAND BAHT)

	Consolidated and separate financial statements	
	2017	2016
Unrealized gain (loss) on revaluation of available-for-sale investment	206,265	89,400
Less income tax	(41,253)	(17,880)
Net	165,012	71,520

### 14. GENERAL INVESTMENTS - NET

(UNIT: THOUSAND BAHT)

	Consolidated financial statements		Separate financial statements		Dividend for the years ended	
	2017	2016	2017	2016	2017	2016
Related companies	409,571	414,012	405,571	410,012	18,595	14,136
Others	12,033	12,033	12,033	12,033	73	112
Total	421,604	426,045	417,604	422,045	18,668	14,248
Less Allowance for impairment	(41,943)	(42,759)	(37,943)	(38,759)	-	-
Net	379,661	383,286	379,661	383,286	18,668	14,248

Movements of general investments for the years ended 31 December 2017 and 2016 are as follows:-

	(UNIT: THOUSAND BAHT)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Beginning balance	426,045	423,000	422,045	419,000
Increase during the year	5,431	4,330	5,431	4,330
Decrease during the year	(9,872)	(1,285)	(9,872)	(1,285)
Ending balance	421,604	426,045	417,604	422,045

Movements of allowance for impairment for the years ended 31 December 2017 and 2016 are as follows :-

	(UNIT: THOUSAND BAHT)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Beginning balance	42,759	43,400	38,759	39,400
Decrease during the year				
(included in (gain) loss on				
impairment of investment - net)	(816)	(641)	(816)	(641)
Ending balance	41,943	42,759	37,943	38,759

Significant movements of general investments for the years ended 31 December 2017 and 2016 are as follows :-

- In July 2016, the Company invested in the ordinary shares of Bangkok Tokyo Socks Co., Ltd. of Baht 4.33 million, representing 6.99 percent of shareholding interest.
- In July 2017, the Company sold shares in KP Soft Co., Ltd. to a third party at Baht 2 each, totaling to Baht 1.28 million.
- In August 2017, the Company invested in 3,600 newly issued ordinary shares of International Commercial Coordination (Hong Kong) Ltd. at HKD 100 each totaling Baht 1.53 million. Such acquisition is less than the preexisting shareholding percentage results in the Company's shareholding interest decreasing from 18.00 percent to 14.40 percent.
- In August 2017, the Company's Extra General Meeting of shareholders of Thai Monster Co., Ltd. approved the decrease of the Company's registered capital to offset against deficits in the amount of Baht 15 million. The registered capital after the capital reduction is Baht 5 million.
- In September 2017, the Company invested in 624,000 newly issued ordinary shares of Sahapat Real Estate Co., Ltd. at Baht 6.25 each totaling Baht 3.90 million, thereby increasing the Company's shareholding interest from 2.40 percent to 5.24 percent.



## → Financial Position and Operation Results

As of 31 December 2017 and 2016, general investments consist of :-

(UNIT : THOUSAND BAHT)

Consolidated and separate financial statements									

## Financial Position and Operation Results ←

(UNIT : THOUSAND BAHT)

Consolidated and separate financial statements							
	Paid - up capital (Thousand))	Percentage of shareholding		Investment		Dividend for the years ended	
		2017	2016	2017	2016	2017	2016
34. Sahapat Properties Co., Ltd.	20,000	1.00	1.00	200	200	8	20
35. Thai Itokin Co., Ltd.	140,000	1.04	1.04	* 2,611	* 2,611	-	-
36. Racha Uchino Co., Ltd.	121,500	0.49	0.49	359	359	59	6
37. Pattaya Manufacturing Co., Ltd.	30,000	0.33	0.33	741	741	30	40
38. Fujix International Co., Ltd.	100,000	3.00	3.00	* 3,000	* 3,000	-	-
39. KP Soft Co., Ltd.	120,000	4.00	4.00	0	* 9,200	-	-
40. PT. TRINITY LUXTRO APPAREL	USD 1,200	19.00	19.00	* 7,431	7,431	-	-
41. Saha Asia Pacific Co., Ltd.	187,835	3.19	3.19	6,000	6,000	600	600
Total				405,571	410,012	18,595	14,136
Less Allowance for impairment (*)				( 34,413)	( 35,240)	-	-
<b>Total general investments stated in the separate financial statements-net</b>				<b>371,158</b>	<b>374,772</b>	<b>18,595</b>	<b>14,136</b>
General investment subsidiary company							
42. Treasure Hill Co., Ltd.				4,000	4,000	-	-
Less Allowance for impairment				( 4,000)	( 4,000)	-	-
<b>Total general investments (related companies) stated in the consolidated financial statements - net</b>				<b>371,158</b>	<b>374,772</b>	<b>18,595</b>	<b>14,136</b>
- Other companies							
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	13	12
4. Sunlots Enterprise Plc.	130,000	2.69	2.69	* 4	* 4	-	-
5. Khonkaen Vithes Suksa Co., Ltd.	60,000	1.67	1.67	1,000	1,000	60	100
6. Sigma Holding Co., Ltd.	46,364	0.26	0.26	* 120	* 120	-	-
7. Osoth Inter Laboratories Co., Ltd.	600,000	0.15	0.15	* 825	* 825	-	-
Total				12,033	12,033	73	112
Less Allowance for impairment (*)				( 3,530)	( 3,519)	-	-
<b>Total general investments - other companies - net</b>				<b>8,503</b>	<b>8,514</b>	<b>73</b>	<b>112</b>
<b>Total general investments - net</b>				<b>379,661</b>	<b>383,286</b>	<b>18,668</b>	<b>14,248</b>

(Gain) loss on impairment of investment – net

(UNIT: THOUSAND BAHT)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Loss on impairment of investments				
- Subsidiary companies	-	-	14,454	32,986
- General investments	7,055	2,228	7,055	2,228
Total	7,055	2,228	21,509	35,214
Gain on reversal of loss on impairments of investment				
- Subsidiary companies	-	-	-	(11,176)
- General investments	(7,871)	(2,869)	(7,871)	(2,869)
Total	(7,871)	(2,869)	(7,871)	(14,045)
Net	(816)	(641)	13,638	21,169

## → Financial Position and Operation Results

### 15. INVESTMENTS IN DEBT SECURITIES HELD TO MATURITY - NET

As of 31 December 2017 and 2016, investments in debt securities held to maturity are as follows :-

	(UNIT: BAHT)	
	Consolidated and separate financial	
	2017	2016
Debentures	501,751,311	424,899,044
<u>Less</u> current portion of debentures with redemption within		
1 year (Shown in short-term investments - Note 7)	(99,500,000)	(40,000,000)
Net (Redemption within 2 - 4 years)	402,251,311	384,899,044

Movements of investments in debt securities for the years ended 31 December 2017 and 2016 are as follows :-

	(UNIT: BAHT)	
	Consolidated and separate financial	
	2017	2016
Beginning balance - net book value	424,899,044	325,575,165
Acquisition	158,438,692	139,000,000
Redemption	(81,000,000)	(39,000,000)
Amortization of premium on debenture	(586,425)	(676,121)
Ending balance - net book value	501,751,311	424,899,044

As of 31 December 2017 and 2016, investments in debt securities are as follows :-

	(UNIT: BAHT)	
	Consolidated and separate financial statements	
	2017	2016
The Siam Cement PCL.	64,000,000	64,000,000
SC Asset Corporation PCL.	39,500,000	19,500,000
Rojana Industrial Park PCL.	10,000,000	10,000,000
CP All PCL. (*)	10,000,000	40,000,000
Thanachart Capital PCL.	5,000,000	5,000,000
Toyota Leasing (Thailand) Co., Ltd. (*)	10,000,000	10,000,000
Pruksa Real Estate PCL.	-	5,000,000
CH. Karnchang PCL.	50,992,055	1,000,000
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		
the Lao People's Democratic Republic	60,000,000	60,000,000

	(UNIT: BAHT)	
	Consolidated and separate financial statements	
	2017	2016
Krungthai Card PCL.	20,000,000	20,000,000
True Move H Universal Communication Co., Ltd.	20,015,803	20,055,802
WHA Corporation PCL.	10,000,000	10,000,000
True Corporation PCL.	20,000,000	20,000,000
Hemaraj Land And Development PCL.	42,243,453	20,343,242
TTCL PCL.	30,000,000	30,000,000
Lalin Property PCL.	30,000,000	30,000,000
Aeon Thana Sinsap (Thailand) PCL.	5,000,000	5,000,000
Thai Solar Energy PCL.	10,000,000	10,000,000
Muangthai Leasing PCL.	20,000,000	-
Total	501,751,311	424,899,044
Fair value - ending balance	569,203,414	431,704,285

All the debentures are unsecured and unsubordinated (except\* debentures of Baht 50 million issued by Toyota Leasing (Thailand) Co., Ltd. and CP All PCL. which is secured and unsubordinated) which bear interests at the rates at 3.00 to 5.65 percent per annum (31 December 2016: 3.00 to 6.50 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.

## 16. OTHER LONG - TERM INVESTMENT

Other long - term investment in convertible debentures are as follows :-

	(UNIT: BAHT)	
	Consolidated and separate financial statements	
	2017	2016
Saha Pathana Inter-Holding Plc. - at cost	38,742,000	-
Fair value - ending balance	59,240,010	-

On 29 June 2017, the Company purchased an investment in convertible debentures proportionated to its equity' holding in Saha Pathana Inter-Holding Plc. of 38,742 units at Baht 1,000 per unit, in the amount of Baht 38.74 million as follows :-

Interest rate	: 0.70% per annum payable quarterly.
Term	: 7 years, redemption date on 29 June 2024.
Conversion ratio	: 1 convertible debenture per 22.222222 ordinary shares.
Conversion price	: Baht 45 per share.
Exercise period	: Beginning in June 2018 and can be exercised 4 times per year.

## → Financial Position and Operation Results

### 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.

### 17. INVESTMENT PROPERTY - NET

(UNIT: BAHT)

	Consolidated and separate financial statements			
	Land	Land improvement	Building	Total
<b>Cost:-</b>				
1-January-2016	36,415,614	8,081,187	17,485,760	61,982,561
Acquisition	-	-	9,000,000	9,000,000
31-December-2016	36,415,614	8,081,187	26,485,760	70,982,561
Acquisition	-	-	-	-
31-December-2017	36,415,614	8,081,187	26,485,760	70,982,561
<b>Accumulated depreciation :-</b>				
1-January-2016	-	7,128,253	2,517,998	9,646,251
Depreciation for the year	-	430,948	972,757	1,403,705
31-December-2016	-	7,559,201	3,490,755	11,049,956
Depreciation for the year	-	431,038	1,209,978	1,641,016
31-December-2017	-	7,990,239	4,700,733	12,690,972
<b>Net book value</b>				
31-December-2017	36,415,614	90,948	21,785,027	58,291,589
31-December-2016	36,415,614	521,986	22,995,005	59,932,605
Appraised value (*)	68,453,290	6,931,950	33,367,904	108,753,144

(\*) The appraised value was determined by an independent appraiser during the year 2017.

### 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.

18. PROPERTY, PLANT AND EQUIPMENT - NET

	Consolidated financial statements										(UNIT : BAHT)
	Land		Office				Furniture and	Assets under	Total		
	Land	improvement	Building	Machinery	equipment	Vehicles	fixtures	installation			
Cost :-											
1 January 2016	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	
Acquisition	-	-	-	-	5,054,319	8,839,549	1,806,355	34,357,873		50,058,096	
Transferred in	-	-	-	12,887,971	5,469,663	-	16,633,939	-		34,991,573	
Disposal	-	-	-	(24,967,689)	(6,819,783)	(3,688,636)	(1,386,000)	-		(36,862,108)	
Written off	-	-	-	(10,722,398)	(2,984,321)	(1,080,000)	(3,302,342)	-		(18,089,061)	
Transferred out	-	-	-	-	-	-	(1,380,356)	(33,611,217)		(34,991,573)	
31 December 2016	202,005,688	23,155,797	388,816,475	383,320,243	175,405,309	45,823,202	238,735,778	1,793,790		1,459,056,282	
Acquisition	-	1,404,000	3,107,325	2,236,874	5,240,373	5,251,276	1,629,699	25,746,704		44,616,251	
Transferred in	-	-	-	9,830,076	1,256,317	-	15,326,440	-		26,412,833	
Disposal	-	-	-	(17,301,120)	(2,376,194)	(1,823,909)	(2,573,017)	-		(24,074,240)	
Written off	-	-	-	(32,000)	(10,609,905)	-	-	-		(10,641,905)	
Transferred out	-	-	-	-	(218,955)	-	-	(26,193,878)		(26,412,833)	
31 December 2017	202,005,688	24,559,797	391,923,800	378,054,073	168,696,945	49,250,569	253,118,900	1,346,616		1,468,956,388	

(UNIT : BAHT)

Consolidated financial statements										
Land		Land improvement		Building	Machinery	Office equipment	Vehicles	Furniture and fixtures	Assets under installation	Total
Accumulated depreciation :-										
	-	18,535,961	277,988,518	376,887,176	156,423,135	33,645,084	198,193,888	-		1,061,673,762
Depreciation for the year	-	2,857,658	6,255,774	14,889,507	7,466,953	2,348,283	11,990,085	-		45,808,260
Disposal	-	-	-	(35,086,530)	(7,009,059)	(4,592,299)	(1,385,997)	-		(48,073,885)
Written off	-	-	-	(314,999)	(2,761,211)	-	(1,904,895)	-		(4,981,105)
31 December 2016	-	21,393,619	284,244,292	356,375,154	154,119,818	31,401,068	206,893,081	-		1,054,427,032
Depreciation for the year	-	1,503,882	5,715,710	9,899,068	8,715,941	2,550,229	10,690,669	-		39,075,499
Disposal	-	-	-	(17,291,400)	(2,096,665)	(1,823,907)	(2,573,015)	-		(23,784,987)
Written off	-	-	-	(31,999)	(10,496,626)	-	-	-		(10,528,625)
31 December 2017	-	22,897,501	289,960,002	348,950,823	150,242,468	32,127,390	215,010,735	-		1,059,188,919
Net book value :-										
31 December 2017	202,005,688	1,662,296	101,963,798	29,103,250	18,454,477	17,123,179	38,108,165	1,346,616		409,767,469
31 December 2016	202,005,688	1,762,178	104,572,183	26,945,089	21,285,491	14,422,134	31,842,697	1,793,790		404,629,250



(UNIT : BAHT)

Separate financial statements

	Land		Land improvement		Building	Machinery	Office equipment		Vehicles	Furniture and fixtures		Assets under installation		Total
	Land													
<b>Cost :-</b>														
1 January 2016	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
Acquisition	-		-		-	-	4,842,445		8,839,549	864,715		34,448,964		48,995,673
Transferred in	-		-		-	12,887,971	5,469,663		-	15,253,583		-		33,611,217
Disposal	-		-		-	(24,967,689)	(6,503,817)		(3,688,636)	(1,386,000)		-		(36,546,142)
Written off	-		-		-	(315,000)	(2,624,167)		-	(134,070)		-		(3,073,237)
Transferred out	-		-		-	-	-		-	-		(33,611,217)		(33,611,217)
31 December 2016	186,075,743		23,155,797		342,154,845	335,011,243	156,240,852		44,063,921	200,692,350		1,884,881		1,289,279,632
Acquisition	-		1,404,000		3,107,325	2,256,500	4,815,041		5,251,276	400,000		25,746,704		42,980,846
Transferred in	-		-		-	9,830,076	1,037,362		-	15,326,440		-		26,193,878
Disposal	-		-		-	(11,779,649)	(1,705,731)		(1,823,909)	(2,573,016)		-		(17,882,305)
Written off	-		-		-	(32,000)	(10,350,660)		-	-		-		(10,382,660)
Transferred out	-		-		-	-	-		-	-		(26,193,878)		(26,193,878)
31 December 2017	186,075,743		24,559,797		345,262,170	335,286,170	150,036,864		47,491,288	213,845,774		1,437,707		1,303,995,513

(UNIT : BAHT)

Separate financial statements

	Land	Land improvement	Building	Machinery	Office equipment	Vehicles	Furniture and fixtures	Assets under installation	Total
<b>Accumulated depreciation :-</b>									
1 January 2016	-	18,535,962	236,991,439	319,377,779	139,566,492	31,984,891	164,154,630	-	910,611,193
Depreciation for the year	-	2,857,658	6,040,218	14,231,978	6,380,922	2,176,483	10,399,075	-	42,086,334
Disposal	-	-	-	(24,812,063)	(6,503,629)	(3,512,300)	(1,385,997)	-	(36,213,989)
Written off	-	-	-	(314,999)	(2,620,407)	-	(134,069)	-	(3,069,475)
31 December 2016	-	21,393,620	243,031,657	308,482,695	136,823,378	30,649,074	173,033,639	-	913,414,063
Depreciation for the year	-	1,503,882	5,511,900	9,626,216	8,035,968	2,378,433	9,395,759	-	36,452,158
Disposal	-	-	-	(11,779,493)	(1,432,655)	(1,823,907)	(2,573,014)	-	(17,609,069)
Written off	-	-	-	(31,999)	(10,340,891)	-	-	-	(10,372,890)
31 December 2017	-	22,897,502	248,543,557	306,297,419	133,085,800	31,203,600	179,856,384	-	921,884,262
<b>Net book value :-</b>									
31 December 2017	186,075,743	1,662,295	96,718,613	28,988,751	16,951,064	16,287,688	33,989,390	1,437,707	382,111,251
31 December 2016	186,075,743	1,762,177	99,123,188	26,528,548	19,417,474	13,414,847	27,658,711	1,884,881	375,865,569

## 19. INTANGIBLE ASSETS - NET

As of 31 December 2017 and 2016, computer software consist of :-

	(UNIT: BAHT)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cost</b>				
1 January	49,212,626	48,846,376	48,036,373	47,558,273
Acquisition	322,400	378,100	322,400	478,100
Disposal	-	(11,850)	-	-
31 December	49,535,026	49,212,626	48,358,773	48,036,373
<b>Accumulated amortization</b>				
1 January	32,882,373	30,139,444	31,755,875	29,031,973
Amortization expenses for the year	2,563,068	2,747,667	2,640,067	2,723,902
Disposal	-	(4,738)	-	-
31 December	35,445,441	32,882,373	34,395,942	31,755,875
<b>Net book value - 31 Dcember</b>	<b>14,089,585</b>	<b>16,330,253</b>	<b>13,962,831</b>	<b>16,280,498</b>

## 20. LEASEHOLD RIGHT - NET

	(UNIT: BAHT)	
	Consolidated and separate financial statements	
	2017	2016
<b>Cost :-</b>		
1 January	35,152,426	35,152,426
Increases	-	-
31 December	35,152,426	35,152,426
<b>Accumulated amortization :-</b>		
1 January	21,950,877	19,291,777
Amortization expenses for the year	2,659,101	2,659,100
31 December	24,609,978	21,950,877
<b>Net</b>	<b>10,542,448</b>	<b>13,201,549</b>

## 21. OVERDRAFTS

	(UNIT: BAHT)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Overdrafts	2,128,834	3,121,596	-	-

The subsidiary companies have overdrafts and short - term loans lines of credit with financial institutions as follows :-

Subsidiaries	(UNIT : MILLION BAHT)		
	Overdraft and short - term loans lines		
	2017	2016	Guaranteed by
Celebrate Wealth Co., Ltd.	4.00	4.00	Parent company
S. Apparel Co., Ltd.	26.10	31.10	-

## → Financial Position and Operation Results

### 22. TRADE AND OTHER PAYABLES

	(UNIT: BAHT)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Accounts payables - trade</b>				
Related companies (Note 5.3)	24,306,250	20,845,298	18,042,917	21,986,452
Others	116,682,416	111,545,184	116,674,016	111,493,813
<b>Total accounts payables - trade</b>	<b>140,988,666</b>	<b>132,390,482</b>	<b>134,716,933</b>	<b>133,480,265</b>
<b>Other payables</b>				
Accrued bonus	23,605,167	44,190,078	22,146,961	42,496,537
Accrued expenses	28,998,991	26,901,713	28,654,037	27,706,173
Accrued royalties	8,409,708	9,489,137	7,853,329	9,072,066
Others	10,398,570	13,144,604	9,400,963	12,554,253
<b>Total trade and other payables</b>	<b>212,401,102</b>	<b>226,116,014</b>	<b>202,772,223</b>	<b>225,309,294</b>

### 23. RETIREMENT BENEFIT OBLIGATION

Movement of retirement benefit obligation for the years ended 31 December 2017 and 2016 are as follows :-

	(UNIT: BAHT)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Retirement benefit obligation				
- beginning balance - 1 January	198,375,217	178,530,077	182,037,175	163,747,894
Employee benefit expenses for the year	29,429,251	26,492,278	27,480,739	23,934,433
Employee benefit paid during the year	(8,371,508)	(6,647,138)	(6,599,847)	(5,645,152)
Gain on reversal of retirement benefit obligations (presented in the statements of comprehensive income)	917,383	-	1,131,538	-
Actuarial loss (presented in statements of other comprehensive income)	(43,671,683)	-	(35,319,728)	-
Retirement benefit obligation				
- ending balance - 31 December	<b>176,678,660</b>	<b>198,375,217</b>	<b>168,729,877</b>	<b>182,037,175</b>

Employee benefit expenses were recognized in statements of income for the years ended 31 December 2017 and 2016 are as follows :-

	(UNIT: BAHT)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current service costs	25,499,073	21,630,488	23,845,348	19,464,115
Interest costs	3,930,178	4,861,790	3,635,391	4,470,318
<b>Total</b>	<b>29,429,251</b>	<b>26,492,278</b>	<b>27,480,739</b>	<b>23,934,433</b>

The principle of actuarial assumption used to calculate the defined benefit obligations for the years ended 31 December 2017 and 2016 are as follows :-

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	1.45% - 2.38%	2.64% - 3.17%	1.60% - 2.15%	2.73%
Mortality rate	100%(TMO 2017)	100%(TMO 2008)	100%(TMO 2017)	100%(TMO 2008)
Salary increase rate	2.50% - 4.00%	3.00% - 5.00%	2.50% - 4.00%	3.00% - 5.00%
Turnover rate	Age-related scale	Age-related scale	Age-related scale	Age-related scale

The sensitivity analysis for significant assumptions used in actuarial valuation can be analyzed as follow :-

		(UNIT: BAHT)			
		Effect to retirement benefit obligation increase (decrease)			
	Change in assumptions	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Discount rate	Increase 0.5%	(5,766,003)	(6,573,986)	(5,559,871)	(6,086,172)
Discount rate	Decrease 0.5%	5,952,289	6,965,668	5,898,485	6,451,240
Salary increase rate	Increase 0.5%	5,400,867	6,991,268	5,213,147	6,468,418
Salary increase rate	Decrease 0.5%	(5,167,296)	(6,656,698)	(4,986,112)	(6,156,891)

## 24. 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.

## 25. GENERAL RESERVE

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

## 26. EXPENSES CLASSIFIED BY NATURE OF EXPENSES

For the years ended 31 December 2017 and 2016 expenses classified by their nature are as follows:-

		(UNIT: BAHT)			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Changes in finished goods and work-					
in process (increase) decrease		(12,316,699)	13,863,850	10,045,417	(20,993,705)
Purchases of finished goods		133,471,800	103,123,977	99,247,514	99,156,755
Loss on diminution in inventories		17,415,138	29,822,864	17,256,865	26,231,064
Raw materials and supplies used		634,656,421	679,624,763	634,423,075	667,261,913
Management benefit expenses		33,119,808	33,978,107	29,522,955	28,804,522
Employee benefit expenses		623,185,697	657,074,142	561,349,011	577,194,245
Depreciation and amortization expenses		45,938,684	52,618,732	43,392,342	48,873,041
Royalty expenses		50,193,975	49,072,662	49,643,885	48,180,159

## 27. 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.	1604(2)/2550	1627(2)/2554	1628(2)/2554
2. Dates of promotional certificates	18/6/07	31/5/11	31/5/11
3. The first receiving revenues dates	1/10/50	4/5/54	2/9/54
4. The type of business promoted	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 (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 (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
5.4. Double deduction of expenses for utilities (electricity, water and transportation) for the year.	10 years (Expired on 30/9/17)	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 46.14 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					
	2017			2016		
	Local	Export	Total	Local	Export	Total
BOI promoted business	294.07	277.99	572.06	311.00	327.71	638.71
Non - BOI promoted business	1,002.64	284.98	1,287.62	1,025.49	342.46	1,367.95
Total	1,296.71	562.97	1,859.68	1,336.49	670.17	2,006.66

(UNIT : MILLION BAHT)

	Separate financial statements					
	2017			2016		
	Local	Export	Total	Local	Export	Total
BOI promoted business	294.07	277.98	572.05	388.43	327.71	716.14
Non - BOI promoted business	910.78	284.17	1,194.95	817.40	305.01	1,122.41
Total	1,204.85	562.15	1,767.00	1,205.83	632.72	1,838.55

## 28. 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 2017 and 2016 are as follows :-

(UNIT : THOUSAND BAHT)

	For the year ended 31 December 2017			
	Men's apparel	Women's apparel	Other segment	Consolidated financial statements
		apparel		
<b>Revenue</b>				
Revenue from sales - net	1,236,996	557,572	-	1,794,568
Revenue from rendering of services	64,110	-	-	64,110
<b>Gross profit by segment</b>	<b>384,845</b>	<b>153,889</b>	<b>-</b>	<b>538,734</b>
Dividend income	-	-	49,762	49,762
Interest income	-	-	33,125	33,125
Share of loss from investment in associate	-	-	(1,996)	(1,996)
Other income	-	-	63,155	63,155
Selling expenses	(97,042)	(40,190)	(11,694)	(148,926)
Administrative expenses	(90,901)	(36,031)	(253,274)	(380,206)
Finance costs	-	-	(128)	(128)
<b>Profit before income tax expenses</b>	<b>196,902</b>	<b>77,668</b>	<b>(121,050)</b>	<b>153,520</b>
Income tax expenses				(3,247)
<b>Net profit for the year</b>				<b>150,273</b>
<b>Additional information :-</b>				
Depreciation and amortization expenses				45,939



## → Financial Position and Operation Results

(UNIT : THOUSAND BAHT)

For the year ended 31 December 2016

	Men's apparel	Women's apparel	Other segment	Consolidated financial statements
<b>Revenue</b>				
Revenue from sales - net	1,395,536	546,976	-	1,942,512
Revenue from rendering of services	66,246	-	-	66,246
<b>Gross profit by segment</b>	<b>461,080</b>	<b>151,354</b>	<b>-</b>	<b>612,434</b>
Dividend income	-	-	43,349	43,349
Interest income	-	-	32,484	32,484
Share of loss from investment in associate	-	-	(153)	(153)
Other income	-	-	49,055	49,055
Selling expenses	(89,750)	(42,741)	(9,736)	(142,227)
Administrative expenses	(105,395)	(39,776)	(244,967)	(390,138)
Finance costs	-	-	(369)	(369)
<b>Profit before income tax expenses</b>	<b>265,935</b>	<b>68,837</b>	<b>(130,337)</b>	<b>204,435</b>
Income tax expenses				(2,400)
<b>Net profit for the year</b>				<b>202,035</b>
<b>Additional information :-</b>				
Depreciation and amortization expenses				52,619

As of 31 December 2017 and 2016, segment assets and liabilities of the Group are as follows :-

(UNIT : THOUSAND BAHT)

As of 31 December 2017

	Men's apparel	Women's apparel	Total segments	Unallocated assets / liabilities	Consolidated financial statements
Segment assets	348,691	240,027	588,718	3,784,412	4,373,130
Segment liabilities	36,072	77,893	113,965	500,192	614,157

(UNIT : THOUSAND BAHT)

As of 31 December 2016

	Men's apparel	Women's apparel	Total segments	Unallocated assets / liabilities	Consolidated financial statements
Segment assets	392,889	184,455	577,344	3,541,471	4,118,815
Segment liabilities	56,446	41,478	97,924	509,060	606,984

(UNIT : THOUSAND BAHT)

For the year ended

	31 December 2016	31 December 2015
<b>GEOGRAPHICAL AREAS</b>		
Domestic sales	1,295,712	1,338,582
Export sales		
- EUROPE	257,637	285,661
- ASIA	216,737	274,184
- AMERICA	85,567	106,585
- AUSTRALIA	2,291	2,547
- SOUTH AFRICA	369	499
- MIDDLE EAST	365	700

## 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 2017 and 2016, in the amount of Baht 937.79 million and Baht 949.90 million, respectively.

## 29. TAX INCOME EXPENSES

As of 31 December 2017 and 2016, the components of deferred tax assets and deferred tax liabilities are as follows :-

UNIT : THOUSAND BAHT)

For the year ended 31 December

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets				
- Retirement benefit obligation	33,746	36,348	33,746	36,348
- Consignment sales	2,372	1,809	2,372	1,809
- Unused tax losses	1,530	3,322	-	-
Total deferred tax assets	37,648	41,479	36,118	38,157
Deferred tax liabilities				
- Depreciation	7,389	6,404	6,279	5,275
- Unrealized gain on revaluation of available for-sale-investments	202,773	161,520	202,773	161,520
Total deferred tax liabilities	210,162	167,924	209,052	166,795

## → Financial Position and Operation Results

Income tax expenses for the year ended 31 December 2017 and 2016 are as follows :-

(UNIT : THOUSAND BAHT)

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Current income tax</b>				
Corporate income tax for the year	5,496	6,071	5,496	5,969
<b>Deferred tax</b>				
Relating to origination and reversal of temporary differences	(2,249)	(3,671)	(4,022)	(3,653)
Income tax expenses reported in the statements of comprehensive income	3,247	2,400	1,474	2,316

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2017 and 2016.

UNIT : THOUSAND BAHT)

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit before corporate income tax	153,520	204,436	156,970	195,783
Applicable tax rate	20%	20%	20%	20%
Accounting profit before corporate income tax multiplied by applicable tax rate	30,704	40,887	31,394	39,157
Effects of :				
Promotional privileges (Note 27)	(21,303)	(28,911)	(21,303)	(28,911)
Non-deductible expenses	1,629	701	1,576	683
Additional expense deductions allowed	(4,534)	(3,785)	(4,534)	(3,781)
Exemption of income	(9,787)	(8,493)	(9,787)	(8,494)
Effect from un-recording of deferred tax assets	8,656	7,975	4,128	3,662
Effect of elimination entry on the consolidated financial statements	(2,118)	(5,974)	-	-
Total	(27,457)	(38,487)	(29,920)	(36,841)
Income tax expenses reported in the statement of comprehensive income	3,247	2,400	1,474	2,316

Corporate income tax of the Group for the year ended 31 December 2017 and 2016 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 27).

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

## 30. 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 2017 and 2016 as follows :-

(UNIT: MILLION BAHT)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Thanulux Public Company Limited	10.20	10.07	10.20	10.07
S. Apparel Co.,Ltd.	0.45	0.60	-	-
Celebrate Wealth Co.,Ltd.	0.47	0.48	-	-
T-Chamber Co.,Ltd.	-	0.05	-	-
Total	11.12	11.20	10.20	10.07

## 31. 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.

## 32. COMMITMENT AND CONTINGENT LIABILITIES

32.1 As of 31 December 2017 and 2016 the Group has commitments and contingent liabilities as follows :-

(UNIT: MILLION BAHT)

Commitments and contingent liabilities	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Bank guarantee with Customs Department	8.61	18.63	8.61	18.63
Bank guarantee for electricity	5.05	4.97	4.39	4.31
Bank guarantee for business operations	0.29	-	0.29	-
Loan guarantee for related companies	26.23	5.31	31.23	5.31

## → Financial Position and Operation Results

**32.2** As of 31 December 2017 and 2016 The Company has entered into 7 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 2017 and 2016, 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).

**32.3** 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 :-

(UNIT: BAHT)			
Monthly rental			
Description	Period	Lease term (years)	and services
Land lease right	2008 - 2018	10	45,000.00
Building lease right and services	2015 - 2022	7	78,720.00
Building lease right and services	2015 - 2022	7	165,000.00

**32.4** As of 31 December 2017, the Company has commitment relating to fixed asset purchase agreement of Baht 9.15 million (2016 : Baht 10.17 million).

**32.5** As of 31 December 2017 and 2016, The Group has commitment relating to building lease agreement, whereby the Group must pay the rentals as follows :-

(UNIT: MILLION BAHT)				
Description	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Within 1 year	11.85	4.91	1.15	1.43
More than 1 year not over 5 year	17.58	2.61	4.79	0.29
More than 5 year	4.46	-	4.46	-

### **33. DIVIDEND PAYMENT, GENERAL RESERVE AND DIRECTORS' REMUNERATION**

**33.1** On 25 April 2017, 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 will be paid on 22 May 2017. The Company will pay dividends from corporate income tax exempted business operations as follows:-

- To pay dividends from BOI business operations of Kabinburi Project 4 according to the Promotional Certificate No. 1627(2)/2554 at Baht 0.18 per share (120 million shares) totaling Baht 21.60 million.

- To pay dividends from BOI business operations of Lamphun Project 4 according to the Promotional Certificate No. 1628(2)/2554 at Baht 0.67 per share (120 million shares) totaling Baht 80.40 million.
- To pay the directors' remuneration not more than Baht 10 million.
- To appropriate net profit for general reserve in the amount of Baht 9.70 million.

**33.2** On 26 April 2016, the Company's Annual General Meeting of shareholders approved the following resolutions :-

- To pay dividends of Baht 0.75 per share, to the existing shareholders of 120 million shares which will be paid on 24 May 2016. The Company will pay dividends from corporate income tax exempted business operations as follows:-
  - To pay dividends from BOI business operations of Kabinburi Project 4 according to the Promotional Certificate No. 1627(2)/2554 at Baht 0.20 per share (120 million shares) totaling Baht 24 million.
  - To pay dividends from BOI business operations of Lamphun Project 4 according to 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 10.00 million.
- To appropriate net profit for general reserve in the amount of Baht 9.50 million.

## **34. 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.

### **34.1 Accounting policies and procedure**

See Note 4.

### **34.2 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.

### 34.3 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.

### 34.4 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.

#### 34.4.1 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 2017 :-

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	1.12	May.18 - Jun.18	32.30 - 30.75	1.12	May.18 - Jun.18	32.30 - 30.75
JPY	30.91	May.18 - Jun.18	0.29	30.91	May.18 - Jun.18	0.29
EUR	0.37	May.18 - Jun.18	38.50 - 39.13	0.37	May.18 - Jun.18	38.50 - 39.13

As of 31 December 2016 :-

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	0.10	Jun. 17	35.81	0.28	Jun. 17	35.81
JPY	58.74	Apr.17 - Jun. 17	0.30 - 0.34	73.79	Apr. - Jun. 17	0.30 - 0.34
EUR	0.25	Jun. 17	37.90 - 38.30	0.23	Jun. 17	37.90 - 38.30



## 34.4.2 Uncovered transactions

As of 31 December 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Assets</b>								
USD	0.25	1.55	8.00	55.38	0.24	1.55	7.83	55.20
EUR	0.22	0.30	8.35	11.11	0.22	0.30	8.35	11.11
Total			16.35	66.49			16.18	66.31
<b>Liabilities</b>								
USD	0.63	0.86	20.78	30.87	0.63	0.86	20.78	30.87
EUR	0.40	0.22	15.67	8.27	0.40	0.22	15.67	8.27
JPY	21.15	11.84	6.21	3.69	21.15	11.68	6.21	3.64
Total			42.66	42.83			42.66	42.78

## 34.5 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.

## 35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the Company's board of directors on 19 February 2018.

## Management's Discussion and Analysis

### 1) Performance of The Company and its subsidiaries (referred as the "Group")

#### 1.1) Performance Analysis

For the year 2017, the Group generated a total of Baht 2,002.72 million in revenue, a decrease of 6.13% from 2016. Total sales decreased 7.47%, came from Domestic sales decreased by 3.20% due to the high level of household debt and Oversea sale decreased by 16.00% due to the appreciation of baht and some customers move production bases to cheaper countries. Net profit from operations amounted to Baht 152.11 million, a decrease of 25.91% from 2016. To this end, the management has continuously and closely followed situation of sales, marketing, economy, society and politics for adapting the Group's strategy against the change of business situation and also to ensure good corporate governance as well as effective risk management and internal control system.

#### 1.2) Performance for the Completed Period

##### Total Revenue

The Group generated total revenue of Baht 2,002.72 million in 2017, a decrease of Baht 130.76 million or 6.13% due to a drop of sales revenue by Baht 150.08 million but other revenues increase by Baht 19.32 million.

Consolidated Financial Statement					Unit : million Baht	
Source of Revenue	2017		2016		Change	
	Amount	%	Amount	%	Increase	%
Sale Revenue	1,858.68	92.81	2,008.76	94.15	(150.08)	(7.47)
Other Revenue	144.05	7.19	124.73	5.85	19.32	15.49
Total Revenue	2,002.73	100.00	2,133.49	100.00	(130.76)	(6.13)

##### Sales Revenue

The Group generated sales revenue amounted to Baht 1,858.68 million, a decrease of Baht 150.08 million or 7.47% from 2016, detail as below.

Consolidated Financial Statement					Unit : million Baht	
Sales Revenue	2017		2016		Change	
	Amount	%	Amount	%	Increase (Decrease)	%
Domestic	1,295.71	69.71	1,338.59	66.64	(42.88)	(3.20)
Oversea	562.97	30.29	670.17	33.36	(107.20)	(16.00)
Total Sales Revenue	1,858.68	100.00	2,008.76	100.00	(150.08)	(7.47)

**Domestic sales:** In 2017, sales revenue amounted to Baht 1,295.71 million, a decrease of Baht 42.88 million or 3.20% from 2016, due to the consumers were cautious spending result from the household debt is high, combine with consumer behavior change. All of these caused a high price competition. The Group had cooperated with our customers to intensively conduct marketing research and consumer behavior research in order to create new innovative product and improve the efficiency of supply chain to respond the customer's need.

**Overseas Sales :** In 2017, a sales revenue amounted to Baht 562.97 million, a decrease of Baht 107.20 million or 16.00% from 2016 as the sales volume decreased resulted from sale volume decrease from some customers move production bases and the appreciation of baht THB against major currency. Nevertheless, the Group has maintained existing customers together with expanding the market toward Asean Economic Community (AEC) by using proactive market such as Exhibition to show the potential in production focusing on quality and satisfied services. Also, the Group has used the financial instruments to protect the fluctuation of exchange rate.

## Other Revenues

In 2017, The Group generated other revenues amounted to Baht 144.05 million, an increase from 2016 of Baht 19.32 million or 15.49% due to in 2017 the Company had gain on disposal of available-for-sale securities of Baht 14.58 million, the dividend received increase Baht 6.41 million but the income from laundry business decreased by Baht 3.60 million.

## Costs of goods sold and Selling and Administrative Expenses

Consolidated Financial Statement					Unit : million Baht	
	2017		2016		Change	
	Amount	%	Amount	%	Increase	
					(Decrease)	%
Sales Revenue	1,858.68	100.00	2,008.76	100.00	(150.08)	(7.47)
Costs of Goods Sold	1,319.95	71.02	1,396.32	69.51	(76.37)	(5.47)
Gross Profit	538.73	28.98	612.44	30.49	(73.71)	(12.04)

## Cost of goods sold

The Group's proportion of cost of goods sold to sales revenue in 2017 was 71.02%, compared to 69.51% in 2016 due to the sale ratio of high margin product lower, also the appreciation of baht THB result higher compare with last year.

Consolidated Financial Statement					Unit : million Baht	
	2017		2016		Change	
	Amount	%	Amount	%	Increase	
					(Decrease)	%
Selling Expenses	148.92	8.01	142.22	7.08	6.70	4.71
Administrative Expenses	371.00	19.96	383.64	19.10	(12.64)	(3.29)
Income Tax Expense	3.25	0.17	2.40	0.12	0.85	35.42

## Selling and Administrative Expenses

In 2017, the Group had selling expenses of Baht 148.92 million, an increase of Baht 6.70 million or 4.71% from 2016, since the company had the advertising cost for the shirt brands "Olymp", which the company just gained the licensed. Meanwhile, the administrative expenses were Baht 371.00 million, a decrease of Baht 12.64 million or 3.29% from the same period of last year due to the Group can control its administrative expenses at an appropriate level.

## → Financial Position and Operation Results

### Income tax expense

The Group's corporate income tax expenses for the year 2017 amounted to Baht 3.25 million, an increase of Baht 0.85 million or 35.42% from the previous year. The Group's corporate income tax expenses are expected to be Baht 5.50 million. Deferred income tax expense of Baht 2.25 million resulted in the income tax expense shown in the statement of income of Baht 3.25 million, as detailed below.

Consolidated Financial Statement		Unit : million Baht		
	2017	2016	Change	
	Amount	Amount	Increase (Decrease)	%
Corporate Income tax expense for the year	5.50	6.07	(0.57)	(9.39)
Reconciled with deferred income tax				
- Retirement benefits obligation	(2.67)	(4.25)	1.58	(37.18)
- Consignment goods (increase) decrease	(0.56)	(0.58)	0.02	(3.45)
- Depreciation of fixed assets	0.98	1.16	(0.18)	(15.52)
Total deferred income tax	(2.25)	(3.67)	1.42	(38.69)
Income Tax Expenses on Consolidated				
Financial Statement	3.25	2.40	0.85	35.42

### Profit

Consolidated Financial Statement		Unit : million Baht				
	2017		2016		Change	
	Amount	%	Amount	%	Increase (Decrease)	%
Sales Revenue	1,858.68	92.81	2,008.76	94.15	(150.08)	(7.47)
Other Revenues	144.05	7.19	124.73	5.85	19.32	15.49
Total Revenues	2,002.73	100.00	2,133.49	100.00	(130.76)	(6.13)
Cost of Goods Sold	1,319.95	* 71.02	1,396.32	* 69.51	(76.37)	(5.47)
Gross Profit	538.73	* 28.98	612.44	* 30.49	(73.71)	(12.04)
Selling and Administrative Expenses	525.78	26.25	532.36	24.95	(6.58)	(1.24)
Operating Profit	12.95	* 0.70	80.08	* 3.99	(67.13)	(83.83)
Impairment Loss on investment, net	3.35	0.17	0.00	0.00	3.35	100.00
Finance Costs	0.13	0.01	0.37	0.02	(0.24)	(64.86)
Income Tax Expense	3.25	0.16	2.40	0.11	0.85	35.42
Net Profit for the Year	150.27	7.50	202.04	9.47	(51.77)	(25.62)
Owners of the parent company	152.11	7.60	205.31	9.62	(53.20)	(25.91)
Non-controlling interests	(1.84)	(0.09)	(3.27)	(0.15)	1.43	(43.73)
ROE	4.19%		6.02%		(1.83%)	
ROA	3.58%		5.12%		(1.54%)	

\* % Proportional to Sales Revenue

## Gross Profit

The Group's gross profit margin for the year 2017 was Baht 538.73 million, a decrease of Baht 73.71 million or a decrease of 12.04% from the previous year, due to a decrease in the proportion of sales of high margin products and the appreciation of Thai Baht.

## Operating Profit

The Group's operating profit for the year 2017 was Baht 12.95 million, a decrease of Baht 67.13 million or 83.83%, due to the decrease in sales as per the reasons mentioned above. As a result, the gross profit decreased. Although the Group can control sales and administrative expenses, but this is still not enough to compensate for lower sales.

## Profit attributable to equity holders of the Company

The Group's net profit attributable to equity holders of the Company in 2017 was Baht 152.11 million, a decrease of Baht 53.20 million or 25.91% from 2016, due to the decrease in operating profit. Return on equity was 4.19% (previous year 6.02%). Return on assets was 3.58% (previous year: 5.12%).

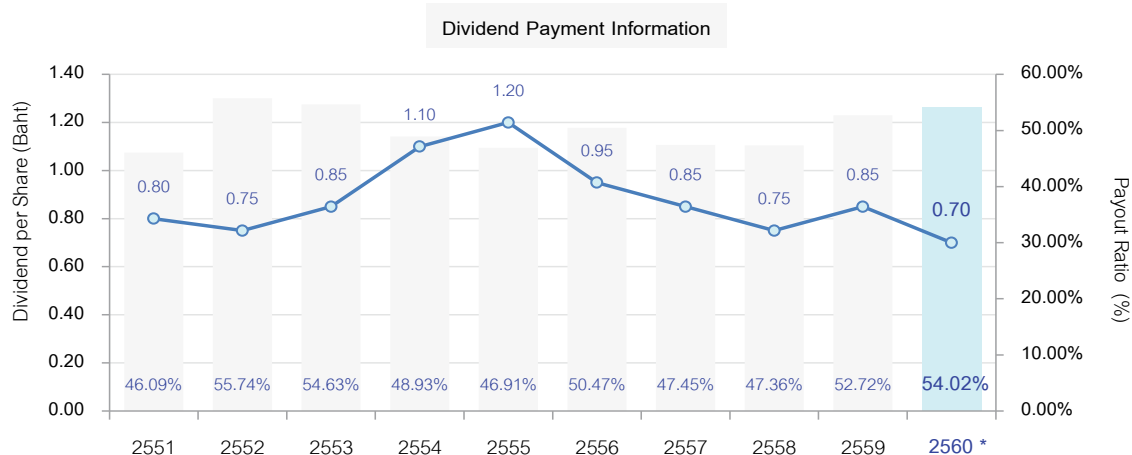
## Return on Equity

Return on equity in 2017 and 2016 were 4.19% and 6.02%, respectively, due to the decrease in net profit.

With regard to the Company's dividend payout policy, the dividend were paid at Baht 0.20 per share, equal to 20% of par value. However, the payment of such dividend is mainly subject to the current operating results and economic condition, particularly the Company's net profit earning and retained earnings. In 2017, the Company's net profit amounted to Baht 155.50 million, earning per share Baht 1.30. Therefore, the meeting of the Board of Director No. 1/2018 held on 19<sup>th</sup> February 2018, has resolved to propose to the Annual General Meeting of the Shareholders of the Company which will be held on 24<sup>th</sup> April 2018 to approve the payment of dividends at Baht 0.70 per share, totaling Baht 84 million, equal to 54.02% of dividend payout ratio. The dividend will be paid from the earnings of the promoted business from BOI that exempted from corporate income tax and will be paid on 22<sup>nd</sup> May 2018.

Separate Financial Statements	Units	2017	2016	Change	
		Amount	Amount	Increase (Decrease)	%
Owners of the parent company	Million Baht	155.50	193.47	(37.97)	(19.63)
Total Shares	Million Share	120.00	120.00		
Earning per Share	Baht / Share	1.30	1.61	(0.31)	(19.63)
Dividend per Share	Baht / Share	0.70	0.85	(0.15)	(17.65)
Total dividend Paid	Million Baht	84.00	102.00	(18.00)	(17.65)
Dividend Payout Ratio	%	54.02%	52.72%	1.30%	

## → Financial Position and Operation Results



Note: \* The Board of Directors has resolved to pay a dividend of 0.70 Baht per share and propose to the Annual General Meeting of Shareholders for approval on April 24, 2018.

## 2) Financial Position

### 2.1) Assets

#### Components of Assets

Table of Consolidated Statement of Financial Position as at 31 December

Consolidated Statement of Financial Position as of December 31					Unit : million Baht
	2017		2016		Change
	Amount	%	Amount	%	Increase (Decrease)
Cash and Cash equivalents	48.24	1.10	68.32	1.66	(20.08)
Short-term Investments	629.32	14.39	606.15	14.72	23.17
Trade and Other Accounts	289.11	6.61	319.18	7.75	(30.07)
Inventories, net	345.73	7.91	327.42	7.95	18.31
Other Current Assets	62.06	1.42	101.14	2.46	(39.08)
<b>Total Current Assets</b>	<b>1,374.46</b>	<b>31.43</b>	<b>1,422.22</b>	<b>34.53</b>	<b>(47.76)</b>
Long-term Investments	2,455.54	56.15	2,148.79	52.17	306.75
Property, Plant and Equipment, net	409.77	9.37	404.63	9.82	5.14
Other Non-current Assets	133.36	3.05	143.17	3.48	(9.81)
<b>Total Assets</b>	<b>4,373.13</b>	<b>100.00</b>	<b>4,118.81</b>	<b>100.00</b>	<b>254.32</b>

#### Current Assets

As of December 31, 2017, the Group posted Baht 1,374.46 million in total current assets, a drop from the previous year of Baht 47.76 million, because of loans payment from related companies, an increase in investment on long-term securities to find higher rate of return, and increase in investment on fixed assets aiming to improve the production efficiency. In addition, a decrease of trade accounts receivable was in line with a drop of sales.

## Non-current Assets

As of December 31, 2017, the Group posted Baht 2,998.68 million in non-current assets, increased by Baht 302.09 million from the previous year. This was mainly due to an increase in investment on long-term securities, regarding to the financial management plan, including unrealized gain from increase in investment value of available-for-sale securities.

## 2.2) Assets Quality

### Trade Accounts Receivable

As of December 31, 2017, trade accounts receivable before deduction for allowance for doubtful accounts, and allowance for sales returns was Baht 296.58 million, a decrease by Baht 22.08 million. It comprised of Baht 202.03 million or 68.12% related trade accounts receivable (2016 : Baht 221.90 million or 69.63%), and Baht 94.55 million or 31.88% other trade accounts receivable. (2016: Baht 96.76 million or 30.37%)

(million Baht)									
total  amount		within credit term		overdue					
				less than 3 months		3 to 6 months		more than 6 months	
				amount	%	amount	%	amount	%
Related trade accounts receivable									
2017	202.03	185.53	91.83	9.59	4.75	1.61	0.80	5.30	2.62
2016	221.90	217.49	98.01	4.29	1.93	0.12	0.06	-	-
Other trade accounts receivable									
2017	94.55	63.16	66.80	29.79	31.51	1.19	1.26	0.41	0.43
2016	96.76	68.91	71.22	26.92	27.82	0.48	0.49	0.45	0.47

The Group might has risk for uncollectible debts amounted to Baht 6.26 million same as allowance for doubtful accounts. (2016: Baht 0.45 million)

### Inventory

The Group measured the ending balance of inventory in financial statement at the lower of cost or net realizable value. The Group considered decrease in their value for obsolete inventory in accordance with accounting standard. In addition, the Group consistently committed on balancing the inventory level with the market demand.

**Long-term Investments** (See Notes: 12 - 16 to the Financial Statements for further information), details as below

**Investment in associates** At the end of year 2016, the Company has invested in amount of Baht 9.50 million or 19.15% in associate called "World Saha Fashion Co., Ltd." which was under joint-venture agreement, amounted to Baht 7.35 million for equity method.

**Available-for-sale securities** Investment in listed securities are stated in the financial statements at fair value over the cost amounted to Baht 1,013.86 million. Dividend yield in 2017 was 7.12%, while in 2016 was 6.62%.



## → Financial Position and Operation Results

(Dividend yield at fair value in 2017 was 2.15%, in 2016 was 2.33%)

**Non-marketable securities** Investment in unlisted equity securities are stated in the financial statements at cost less any impairment losses. Dividend yield in 2017 was 4.43%. (2016 : 3.34%)

**Held-to-maturity debt securities** Held-to-maturity investment are stated at amortized cost, regularly with reported credit rating above BBB<sup>+</sup>, unsecured and unsubordinated debt except secured and unsubordinated debenture of Toyota Leasing (Thailand) Co., Ltd. and CP All Public Company Limited in amount of Baht 20 million. Interests are paid every 3 and 6 months as from the issue date. Interest rates in 2017 was 3.00% - 5.65 % per year. (2016 : 3.00% - 6.50% per year)

**Other long-term investments** As of 31 December 2017, "AA" credit rating, unsubordinated, unsecured, convertible debentures of Saha Patthana Interholding PCL. No.1/2017 (SPI246A), associate with debenture holders' representative plus 0.70 percent interest rate per annum under 7 years tenor , subject to mandatory conversion (as of 31 December 2016: none)

The Group had return on long-term investments in 2016 over the average of fixed deposit rates at 5 major commercial banks. Moreover, the Group benefited from the investment in supply chain companies, resulting in stability of raw material. This investment is in accordance with financial management policy of the Group.

### **Property, Plant and Equipment**

Land disclosed in the financial statements at cost. It has been acquired by the Group for over a long period so that the current market prices of such land has overwhelmingly exceeded the cost stated in the financial statements. Factory and office building were had improvements and repairs to suit the applications. Machinery and equipment are efficient and technologically advanced as the Group continuously improved technologies in production to replace the old machinery and had regularly maintenance. Moreover, for unused assets, the Group had already disposed it.

### **Investment Properties**

The Group has invested in land and building for aiming the benefits from rental and capital appreciation. The investment properties are stated at cost less accumulated depreciation, including regularly review of fair value in accordance with accounting standard mentioned in Notes 17. As of December 31, 2016, fair value was higher than book value.

### **2.3) Liquidity**

#### **Components of Cash Flows**

In 2017, the Group had cash and cash equivalent of Baht 48.24 million, a decrease of Baht 20.09 million from 2016. For excess liquidity management, the Group consider to invest in long-term securities. Details of net cash flows classified by type to operating, investments and financing activities are as follows:

Consolidated Statement of Cash Flows	Unit : million Baht			
	2560	2559	Change	
	Amount	Amount	Increase (Decrease)	%
Cash Received (Used) from Operating Activities	138.22	226.08	(87.86)	(38.86)
Cash Received (Used) from Investing Activities	(55.22)	(103.42)	48.20	(46.61)
Cash Received (Used) from Financing Activities	(103.08)	(93.25)	(9.83)	10.54
<b>Net Cash Received (Used)</b>	<b>(20.08)</b>	<b>29.42</b>	<b>(49.50)</b>	<b>(168.25)</b>
Net Cash Beginning of the year	68.32	38.90	29.42	75.63
Net Cash End of the year	48.24	68.32	(20.08)	(29.39)

The Group's net cash flow from operating activities in 2017 amounted to Baht 138.22 million, decreased by Baht 87.86 million from year 2016 mainly due to the operating profit decreased..

Net cash used in investing activities in 2017 amounted to Baht 55.22 million, decreased from 2016 by Baht 48.20 million. In 2017, there were available-for-sale debt (debenture) matured amounting to Baht 727.14 million, fixed deposits amounting to Baht 82.69 million, received payment of short-term loans from related companies of Baht 40.00 million, and invested in long-term investments to manage liquidity for good returns.

Net cash used in financing activities in 2017 amounted to Baht 103.08 million, increased by Baht 9.83 million from year 2016. There was the dividends payment to shareholders amounting to Baht 101.96 million (2016 dividend payment was Baht 90.00 million), the subsidiaries return proceeds from their borrowing by Baht 0.99 million and finance costs in amount of Baht 0.13 million.

The Group's net cash flow as mentioned above decreased in amount of Baht 20.08 million, adding with cash and cash equivalents at beginning of year by Baht 68.32 million equal to cash and cash equivalents at the end of year at Baht 48.24 million.

## Liquidity Ratios

	2017	2016	2015
Current Ratio (times)	6.08	5.94	5.96
Quick Ratio	4.28	4.15	4.21
Cash Flow Liquidity Ratio	0.60	0.93	0.49
Net Increase in Cash Flows From	138.22	226.08	128.76

According to financial ratio in table above, including net cash inflow from operating, the Group had the appropriate liquidity for business operation, investments and payment of dividend to the shareholders.

The Company has pursued the policy to manage its excessive liquidity through investment in securities, debt and equity instruments, and/or open-ended funds listed in the Stock Exchange of Thailand which were secure and offer preferable returns. The Company has also invested in businesses which were complementary to its principal business in order to improve competitiveness. In addition, the Company focused on shortening the payment period to obtain benefits from cash discounts.

## → Financial Position and Operation Results

Cash Cycle	(days)		
	2017	2016	2015
Average inventory period (days)	44	42	39
Average collection period	60	59	60
Average payment period	38	34	32
Cash cycle (days)	66	67	67

Over the past, the Group has deliberately and continuously monitored on sales situation, marketing and economic circumstance including other factors which had effect on sales and collection period

### 2.4) Significant Investment Expenditures

In 2017, the Group had capital expenditures to expand the leather production base from the BOI Investment Promotion Program in the Special Economic Zone in Mae Sot District, Tak Province to support future plans. It also supports the government's policy of distributing of income to the countryside, reduce labor shortage due to foreign workers, and to support future production plans. Invest in new machinery with modern technology, for replacement of the old machine, replace the labor force, improvement the production efficiency, and also investment in information system both of hardware and software to enhance the efficiency in production and selling. There were also invest in the property for the operation and some of them were held for the benefit of rent or profit taking in the future. Improve the factory environment so that employees have good quality of life. Comply with the Occupational Health Act. Safety and Environment

### 2.5) Sources of Fund

The Group's Fund for operation and investment has been mainly from internal sources of funds

Consolidated Statement of Financial Position as of December 31

Unit : million Baht

	2017		2016		Change
	Amount	%	Amount	%	Increase (Decrease)
Trade and Other Accounts Payables	212.40	4.86	226.12	5.49	(13.72)
Total Current Liabilities	226.11	5.17	239.50	5.81	(13.39)
Provision for Employee Benefits	176.68	4.04	198.38	4.82	(21.70)
Deferred Tax Liabilities	210.16	4.81	167.92	4.08	42.24
Total Non-current Liabilities	388.05	8.87	367.48	8.92	20.57
<b>Total Liabilities</b>	<b>614.16</b>	<b>14.04</b>	<b>606.98</b>	<b>14.74</b>	<b>7.18</b>
Issued and Fully Paid-up Share Capital	120.00	2.74	120.00	2.91	0.00
Premium on Ordinary Shares	181.13	4.14	181.13	4.40	0.00
Other Components of Equity	851.77	19.48	650.23	15.79	201.54
Appropriated Retained Earnings	218.40	4.99	208.70	5.07	9.70
Unappropriated Retained Earnings	2,385.43	54.55	2,345.01	56.93	40.42
<b>Total Shareholders' Equity</b>	<b>3,756.73</b>	<b>85.90</b>	<b>3,505.07</b>	<b>85.10</b>	<b>251.66</b>
Non-controlling Interests	2.24	0.05	6.76	0.16	(4.52)
<b>Total Liabilities and Shareholders' Equity</b>	<b>4,373.13</b>	<b>100.00</b>	<b>4,118.81</b>	<b>100.00</b>	<b>254.32</b>

## Capital Structure

Capital structure comprised of liabilities at Baht 614.16 million, Company Equity at Baht 3,756.73 million, and non-controlling interest at Baht 2.24 million. The Group's debt to equity ratio was 0.16 slightly lower than last year. Still, The Group's capital structure was stable.

## Liabilities

As of December 31, 2017, the Group's total liabilities amounted to Baht 614.16 million, an increment by Baht 7.18 million. This was mainly due to an increase of deferred tax liabilities by Baht 42.24 million.

## Shareholders' Equity

As of December 31, 2017, the Group's equity amounted to Baht 3,756.73 million, increased by Baht 251.66 million or 7.18% from year 2016. This was caused by the net profit by Baht 152.11 million, unrealized gain from valuation of investment in available-for-sale securities (net) by Baht 165.01 million, gain on reversal of employee benefits increased Baht 36.53 million and dividends paid for the year 2016 in amount of Baht 102.00 million so that the book value per share as at 31 December 2017 equaled to Baht 31.31, while as at 31 December 2016 equaled to Baht 29.21, increased by Baht 2.10 per share.

## Commitments and Contingent Liabilities

Detail per Notes to the Financial Statements No. 32

### 3) Factors or situations that might affect toward the Company's financial position or business operation in the future

- 1) Unrecovered domestic economic situation caused the customers to be more cautious in spending.
- 2) The fluctuation of exchange rate of foreign trading partners affected the Group's total sales and profit.
- 3) Increase in minimum wage significantly boosted the Company's production cost due to the labor intensive nature of industry. This may affect the competitiveness of the export price.

## → Financial Position and Operation Results

### Synopsis of Operations of the Company and Subsidiaries

(UNIT:THOUSAND BAHT)

Selected Data	2017	%	2016	%	2015	%
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>						
Revenue from sales	1,858,678	92.81	2,008,758	94.15	2,075,351	93.15
Other incomes	144,047	7.19	124,735	5.85	152,517	6.85
<b>Total revenues</b>	<b>2,002,725</b>	<b>100.00</b>	<b>2,133,493</b>	<b>100.00</b>	<b>2,227,868</b>	<b>100.00</b>
Cost of sales	1,319,944	* 71.02	1,396,324	* 69.51	1,504,139	* 72.48
Selling and administrative expenses	525,785	26.25	532,365	24.95	544,571	24.44
<b>Total expenses</b>	<b>1,849,205</b>	<b>92.33</b>	<b>1,929,058</b>	<b>90.42</b>	<b>2,054,827</b>	<b>92.23</b>
EBITDA	199,586	9.97	257,423	12.07	228,553	10.26
Depreciation and amortization	45,939	2.29	52,619	2.47	55,397	2.49
Profit before finance costs and corporate income tax	153,648	7.67	204,804	9.60	173,156	7.77
<b>Net profit for the year attributable to owners of the parent company</b>	<b>152,115</b>	<b>7.60</b>	<b>205,307</b>	<b>9.62</b>	<b>173,195</b>	<b>7.77</b>
<b>STATEMENTS OF CASH FLOWS</b>						
Net cash received from operating activities	138,215	6.90	226,083	10.60	128,756	5.78
Net cash used in investing activities	(55,217)	(2.76)	(103,416)	(4.85)	(109,045)	(4.89)
Net cash used in financing activities	(103,085)	(5.15)	(93,247)	(4.37)	(91,315)	(4.10)
<b>Cash and cash equivalent increase(decrease)-net</b>	<b>(20,087)</b>	<b>(1.00)</b>	<b>29,420</b>	<b>1.38</b>	<b>(71,604)</b>	<b>(3.21)</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>						
Cash and cash equivalents	48,236	1.10	68,323	1.66	38,903	0.99
Short - term investments	629,319	14.39	606,154	14.72	659,152	16.88
Trade and other receivables	289,110	6.61	319,180	7.75	342,021	8.76
Inventories - net	345,728	7.91	327,419	7.95	341,304	8.74
Total current assets	1,374,449	31.43	1,422,221	34.53	1,473,648	37.75
Long - term investments	2,455,540	56.15	2,148,789	52.17	1,893,288	48.49
Property, plant and equipment - net	409,767	9.37	404,629	9.82	402,276	10.30
<b>TOTAL ASSETS</b>	<b>4,373,130</b>	<b>100.00</b>	<b>4,118,815</b>	<b>100.00</b>	<b>3,904,161</b>	<b>100.00</b>
Trade and other payables	212,401	4.86	226,116	5.49	231,755	5.94
Total current liabilities	<b>226,113</b>	<b>5.17</b>	<b>239,498</b>	<b>5.81</b>	<b>247,209</b>	<b>6.33</b>
Retirement benefit obligation	176,679	4.04	198,375	4.82	178,530	4.57
Deferred tax liabilities	210,161	4.81	167,924	4.08	148,881	3.81
Total non - current liabilities	<b>388,044</b>	<b>8.87</b>	<b>367,485</b>	<b>8.92</b>	<b>328,677</b>	<b>8.42</b>
<b>TOTAL LIABILITIES</b>	<b>614,157</b>	<b>14.04</b>	<b>606,984</b>	<b>14.74</b>	<b>575,886</b>	<b>14.75</b>
Registered share capital	120,000	2.74	120,000	2.91	120,000	3.07
Issued and paid - up share capital	120,000	2.74	120,000	2.91	120,000	3.07
Premium on ordinary shares	181,125	4.14	181,125	4.40	181,125	4.64
Other components of equity	851,773	19.48	650,230	15.79	578,713	14.82
Appropriated retained earnings	218,400	4.99	208,700	5.07	199,200	5.10
Unappropriated retained earnings	2,385,434	54.55	2,345,016	56.93	2,239,206	57.35
<b>EQUITY ATTRIBUTABLE TO PARENT COMPANY</b>	<b>3,756,732</b>	<b>85.90</b>	<b>3,505,071</b>	<b>85.10</b>	<b>3,318,244</b>	<b>84.99</b>
Non - controlling interests	2,241	0.05	6,760	0.16	10,031	0.26

Notes \* cost of sales / sales

EBITDA = Earning before interest, corporate income tax, depreciation and amortization

## Financial Ratios Thanulux Plc. and Subsidiaries

Description	2017	2016	2015
<b>Liquidity Ratios</b>			
Current Ratio (times)	6.08	5.94	5.96
Quick Ratio (times)	4.28	4.15	4.21
Liquidity of Cash Flow from Operation (times)	0.60	0.93	0.49
Account Receivable Turnover (times)	6.04	6.12	5.96
Average Collection Period (days)	60	59	60
Inventory Turnover (times)	8.19	8.54	9.33
Average Inventory Turnover Period (days)	44	42	39
Account Payable Turnover (times)	9.47	10.52	11.32
Average Payment Period (days)	38	34	32
Cash Cycle (days)	66	67	67
<b>Profitability Ratios (%)</b>			
Gross Profit Margin	28.98	30.49	27.52
Operating Profit Margin	0.70	3.99	1.28
Non – Operating Income	7.19	5.85	6.85
Operating cash flows to operating profit	1,067.43	282.36	482.87
Net Profit Margin	7.60	9.62	7.77
Return on Equity	4.19	6.02	5.24
<b>Efficiency Ratios</b>			
Return on Total Assets (%)	3.58	5.12	4.42
Return on Fix Assets (%)	40.14	52.46	46.83
Total Assets Turnover (times)	0.47	0.53	0.57
<b>Financial Policy Ratios</b>			
Debt-Equity Ratio (times)	0.16	0.17	0.17
Time Interest Earned (times)	1,117.92	626.29	1,172.30
Leverage Ratio (cash basis) (times)	0.34	0.61	0.33
Dividend Payout (%)	55.22	49.68	51.96

### Message from the Managing Director

Responding for society and the environment is an important factor in the long-term sustainable growth of the business. With an awareness of that reason, the Company's had conducted the business with careful to the environment. 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 various activities, as follows:

As regards communities, the Company continued the corporate social responsibility program for the 3<sup>rd</sup> consecutive year. The requirements of employees as well as external groups like neighboring communities had been operated for development and improving reducing environmental effect to the surrounding areas. In addition, the Company had participated in the Eco Factory program with the aim at creating a balance in terms of physical, economic, social and environmental management, under the concept of sustainable development. As a result, Thanulux received the certification of "Standard for Corporate Social Responsibility" (CSR-DIW Continuous) and the prize of **Green Factory level 4 Green Culture** from the Department of Industry, Ministry of Industry.

The Company recognized and valued human rights and fair labor treatments by endorsing explicit policy and procedure. As for personnel potential development, the Company gives employees opportunities to acquire knowledge and enhance skills such as training by internal and external experts in various fields, coaching by supervisors, and on-the-job skill development, etc. Employees were also provided with opportunities to participate in several activities for brighten smiles and foster happiness throughout.

With respect to the society, the Company organizes social activities every year both in form of man power and finance such as the donation to Phradabos foundation, the donation to Dr. Thiem Chokwatana foundation, the donation to Phra Bat Nam Phu temple, the donation of scholarship and stationery as well as library renovation under the project 'Building a Learning Center for Wat Chong Nonthri school', etc.

The Company registered as a member of "Anti-Corruption Network" conducting a business with transparency and auditable process which was approved on 14 October 2016.

Concerning the environmental preservation, the Company improved the work systems in various dimension to conform to the ISO 14001 environment management standard including energy conservation, waste sorting, wastewater treatment management, etc.

In addition to the elements mentioned above, the Company also placed importance on the consumers by offering the products and services that were innovative, better in quality, comfortable, environmental friendly and sustainable. All of which were the Company's vision in our trusted products as high quality at reasonable price

On behalf of Thanulux Public Company Limited, I would like to thank all stakeholders for the continual longstanding support 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.



(Mr. Supotch Pakaworawuth  
Managing Director



## Report Information

### Background and reasons

Corporate social responsibility was getting more importance when it came to business operation. Such idea interested every parties in Thailand and many companies became more caring of stakeholders in larger perimeter. Together with the increasing of business that conducted CSR activities for the society and also public – private collaboration project supported by the governmental sector in the previous year, the future business operations tend to be more undertaken with social responsibilities and developments. With this regard, one of the company's core missions is “conducting business by considering the effect towards environment while continuously nurturing the responsibility of society and communities and encouraging public-interest activities”. 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

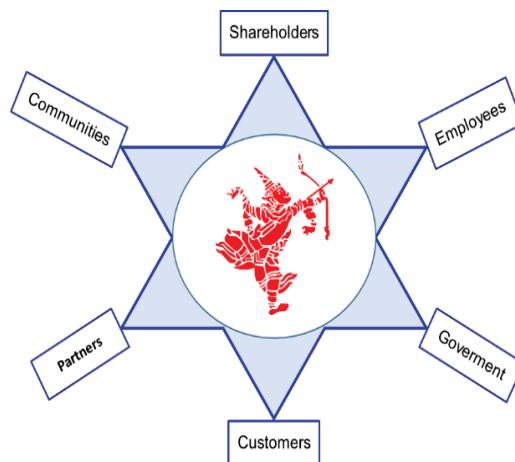
### Reporting Direction

#### 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 2016 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. Operating Business on Fair Basis
2. Anti-Corruption
3. Respect of Human Right
4. Fair Labor Treatment
5. Consumer Responsibility
6. Environment Preservation
7. Participation in Community and Social Developments
8. Innovations achieved through responsible business operations



## Role 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	Strategy that responses to the expectations	Results from operating activities
1. 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> <li>• Analysts and investors meet Saha group activities</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 2017 Listed Companies Corporate Governance Survey</li> <li>• Receiving an assessment rating "outstanding" for AGM quality of listed companies by the Thai Investors Association for 2017</li> <li>• Trusted by shareholders and investors</li> </ul>
2. Employees	<ul style="list-style-type: none"> <li>• Proper welfare benefits and remunerations</li> <li>• Security and advancement</li> <li>• Knowledge and skill development</li> <li>• Better 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>• Respect to human rights and fair labour treatment</li> <li>• Granting scholarships to the children of employees</li> <li>• Conduct personnel development programmes for all levels</li> </ul>	<ul style="list-style-type: none"> <li>• Receiving the award as the outstanding workplace in terms of Labour Relations and Welfare in 2017 for the fifth consecutive year</li> <li>• The Company was able to retain the personnel with competency and experience</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 life of employees</li> </ul>
3. 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>• The Company conducted the business transparently and legally.</li> <li>• Ability to build good relationship with the government sector</li> <li>• Acquisition of tax privileges</li> </ul>

Stakeholder	Expectations	Strategy that responses to the expectations	Results from operating activities
4. 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>• ISO9001 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>• The customers' satisfaction in products and services was more than 90% according to 2017 customers' satisfaction survey in ISO9001.</li> </ul>
5. 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 , will apply corporate social responsibility in their companies.</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>• Supplier selection and evaluation were fair and transparent</li> <li>• Through mutual learning activities, Thanulux and business partners can mutually develop and source for alternative materials with lower cost and controlled quality.</li> <li>• Gaining trading partners who are responsible for social and environment</li> </ul>
6. 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>• Implement an environmental management system standard (ISO14001)</li> <li>• Organize activities on Thai Children's day to the neighboring schools and communities.</li> <li>• Support necessities and finance to senior citizens' association</li> <li>• Gather the financial donation from the Company and neighboring communities to Wat Phra Bat Nam Phu foundation</li> <li>• Associate with surrounding 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>• The ambience of children's learning room encouraged the learning and studying</li> <li>• Enhancing the relationship between the Company and schools</li> </ul>

### Socially Responsible Business Operations

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. The company operates Corporate Social Responsibility: CSR Policy since 1<sup>st</sup> April 2015 which comprises of the following 7 aspects:

1. **Corporate 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. **Participation and Community 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.

In 2017, the Company expanded its community and social responsibility activities by controlling the use of resources and training the employees for the knowledge of the surround environment. A channel was provided for filing complaints relating to the environment and other aspects of the Company which could affect the communities. The Company's performance earned accreditation under the social responsibility of industrial operator standard (CSR-DIW Continuous) and "Eco Factory: Eco Industrial Town in 4.0 era" award and trophy from the Department of Industrial Works, Ministry of Industry.



## 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.

### 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.
3. On 7<sup>th</sup> September 2016, the Company had submitted self-assessment form for anti-corruption measurement of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and received recognition as a member of the CAC on 14<sup>th</sup> October 2016.

#### 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:

##### 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.

### Role and responsibilities

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 anticorruption practices and to encourage these practices to become a part of organizational culture.

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.

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 anticorruption mechanisms, before report to the Board of Directors.

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)

### Practice guidelines

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.

2. **The company shall cooperate** and support both government and private sectors to combat corruption or misconduct.

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.

4. **Gift, gratuity, and entertainment** shall be permitted only to the extent permitted by law, acceptable with respect to social tradition and commercial practices.

5. **The company requires** all directors, managements, and employees to be aware of and comply with the Anti-corruption policy including applicable directives.

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:

### 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

In case of anonymous whistle blower, 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.

### 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.

### 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 6.1 no.1

### 7. Investigation

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.

7.2 Report receiver or assigned personnel is authorized to summon an employee to make statement or demand from him documents necessary for investigation.

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.

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.

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.

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.

### 11. Training and communication

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.

11.2 The company shall communicate the Anti-corruption policy to subsidiaries, associated companies, directors, managements, employees, shareholders, customers, business partners, all stakeholders, persons with business relationship and business representatives through appropriate channels.

**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:

12.1 Determine scope of responsibility for user and administrator in all work system and computer system.

12.2 Evaluate risk and develop an appropriate risk controlling system to support changing of environment

12.3 Develop protection system for data, work system, computer system including responsible person.

12.4 Develop security system to protect data from illegal access, editing, or misuse regardless of accident or intention.

**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.

**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 2017 about an anti-corruption

1. Internal audit department verified whether the reimbursement of some expenses that can be abused was according to the practice of anti-corruption policy. The expenses during the past 6 months were:

Category	Amount
1.1 Political support	- None -
1.2 Charity	2,117,993.99 THB
1.3 Sponsorship	- None -
1.4 Gift, souvenir and entertainment	398,213.76 THB

After verifying, all the reimbursement was done according to the company policy.

2. The anti-corruption subcommittee participated the academic forum "**New Cabinet! Old Corruption?**" which was held on anti-corruption day, 6<sup>th</sup> September 2017, at convention center B2 room, Centara Grand & Bangkok Convention Center at Central World. The objective of the event was to build the realization of "**Active Citizen**".

## → Corporate Social Responsibility Report

3. Anti-corruption course was included in the orientation of the new employees.
4. The training session about anti-corruption was held regularly.

Training Topics	Date	Location	trainers	Target Group
Management's role for CAC	7-Jun-17	Bangkok Office	Mr.Thanakrit Permpoonkhuntisook	Executives committee and management 97 persons
Anti-corruption	04-Oct-17	Kabinburi Factory	in-house trainers	77 employees
Anti-corruption	31-Oct-17	Bangkok Office	in-house trainers	37 employees
Anti-corruption	23-Nov-17	Lamphun Factory	in-house trainers	48 employees

The training session focus on the disadvantageous consequences of corruption in order to build the realization of “Active Citizen”



5. Circular notices were sent to supplying vendors informing that the Company refrained from accepting the New Year 2018 presents.

## Fair Labor Treatment

### 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 employees about human rights 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.

The Company has set policies and guidelines for respecting human rights as follows:

### 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 communicates 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 the employees' learning beside the knowledge learnt from work. The Company provides the employees training relevant to work in order to enhance working skill, prepare for promotion, support employees' self-development and also for advancement of career path. Regarding promotion, the Company mainly considers from individual knowledge and ability. But the employee must be knowledgeable and able to manage staffs in the unit.

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.

In 2017, there were 24 handicapped employees and no case of and claiming for human rights was found.

Apart from respect of human rights policies and guidelines, the Company also has other relevant policies and guidelines as follow :

## Remuneration and Welfare 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 employee.

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, 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.

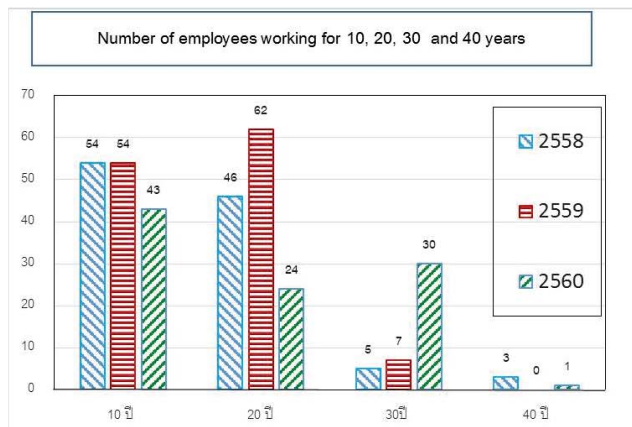
## → Corporate Social Responsibility Report

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.



### Employment and Labour Management Principle

The Company has operated adhere to the law, regulation and will protect the rights of employees equally.

1. The Company has employment system with the lawful contract and precise employment agreement.
2. The Company encourages the participation of employees in the business operation through welfare council system and others.
3. 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 off 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., Bangpongpang 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 2017, The Company had 2,230 employees, in total which can be categorized by branches as follows; the headquarter 1,037 persons, Lamphun branch 641 persons, Kabinburi branch 492 persons, Bangplee branch 32 persons and Maesot branch 28 persons which included 24 handicapped employees.

### 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. Back Office 12:00 - 13:00
  - b. Factory 11:00 - 12:00 and 11:30 - 12:30
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.

### Forced Labor Policy

1. The company does not employ forced labor in any form.
2. The company does not require guarantee money, asset or any document for employment unless required by Thai labor 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 labor policy including employment and protection of labor 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 labor.

#### Guideline

- 1) The Company does not encourage employing the labor that is forced, especially labor of prisoners
- 2) The Company does not encourage employing the labor that is forced, threatened, punished or work against the employee's will since commencement until termination of employment as follow:
  - 2.1) Recruitment – the candidate applying for a position at the Company is required to submit the following documents:
    - 2.1.1) Copy of an identification card
    - 2.1.2) Copy of a household registration certificate
    - 2.1.3) Copy of a transcript
    - 2.1.4) Other documents such as a copy of military service certificate and a copy of employment verification letter.
  - 2.2) 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.
  - 2.3) 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.
  - 2.4) 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.
  - 2.5) 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.

### 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.

### Safety, Occupational Health and Working Environment Policy

Thanulux Public Company Limited has stipulated Occupational Health and Safety Policy as guideline for employees, customers and visitors to prevent accidents in order to ensure safety of life and property including preserving the environment. Manager of each working unit responsible for constant and effective compliance of this policy.

Employees, customers and visitors must practice in the same manner, in accordance with regulations concerning safety and promulgated by relevant official and standards determined by the Company.

In 2017 The Company promoted and conducted the following activities:

#### Safety

1. **Fire prevention and basic firefighting course** in order to assure employees and shopkeepers' confidence on fire safety, to prevent loss of life and property, and also to educate about fire prevention and control in case of fire in workplace or shelter.





2. Emergency drill for preparedness of emergency cases i.e. fire drill, chemical leakage drill, gas leakage in canteen drill and boiler leakage drill which can occur anytime. All drills are conducted 1 time per year, except twice per year for fire drill.

3. Training on work safety to ensure the employees' correct understanding of work safety i.e. procedure to utilize dangerous machines, personal protective equipment and chemical substance including public relation via various channels with include morning assembly and announcement board.

4. Training on fundamental first-aid and basic CPR i.e. how to stop bleeding, heart stimulation, respiration, first aid on all kind of wounds and moving the patient before sending to hospital in order to ensure that the employees in the incident are able to save not only oneself but also the others.



## Occupational hygiene

1. Providing personal protective equipment (PPE) for usage during working hour by all relevant employees i.e. ear plug, iron gloves or face mask etc.

2. Health check based on risk factor i.e. liver function test, urine examination for Ketone, Toluene and Acetone, lead



detection in blood, audiometry and lung function test to seek for illness resulting from risk factor in the workplace.

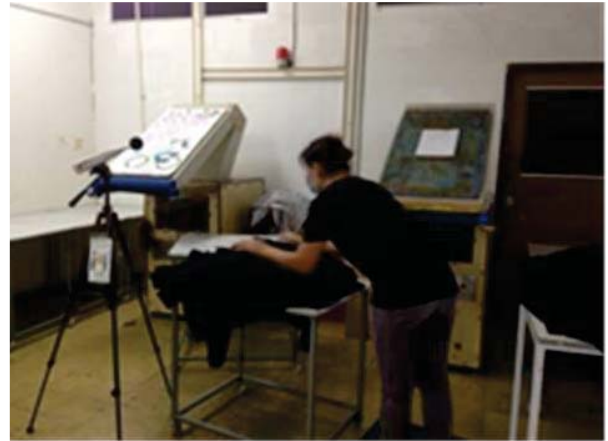
3. Health check based on risk factor for new employees i.e. urine examination for Ketone, Toluene, Acetone and Formaldehyde, lung function test, audiometry and vision test which all are conducted within 30 days from the commencement date to seek for abnormality of new employees

## → Corporate Social Responsibility Report

### Work Environment

ork environment survey was conducted in the factory 1 time per year in accordance with law i.e. exposure to heat, lighting, dust and soot from funnel. However, exposure to chemical, input and output water of boiler and wastewater quality was conducted twice per year to conform with safety standard without inflicting any harm to the employees.

In 2017, no employees were injured in the workplace.



Analyse Noise loudness level in workplace

Sensitivity 76 dBA



Analyse illumination levels

Results : pass the Standard



Analyse Heat stress in workplace

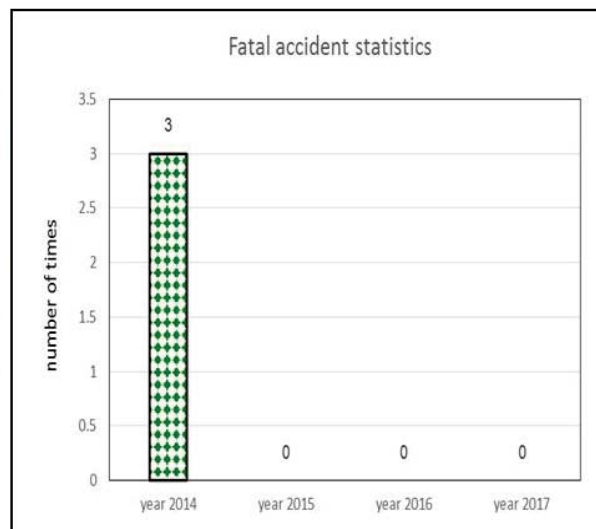
Measurement result 25.9 ° C

Pass the Standard



Analyse Chemical agents in  
airborne in workplace

Results : Pass the Standard





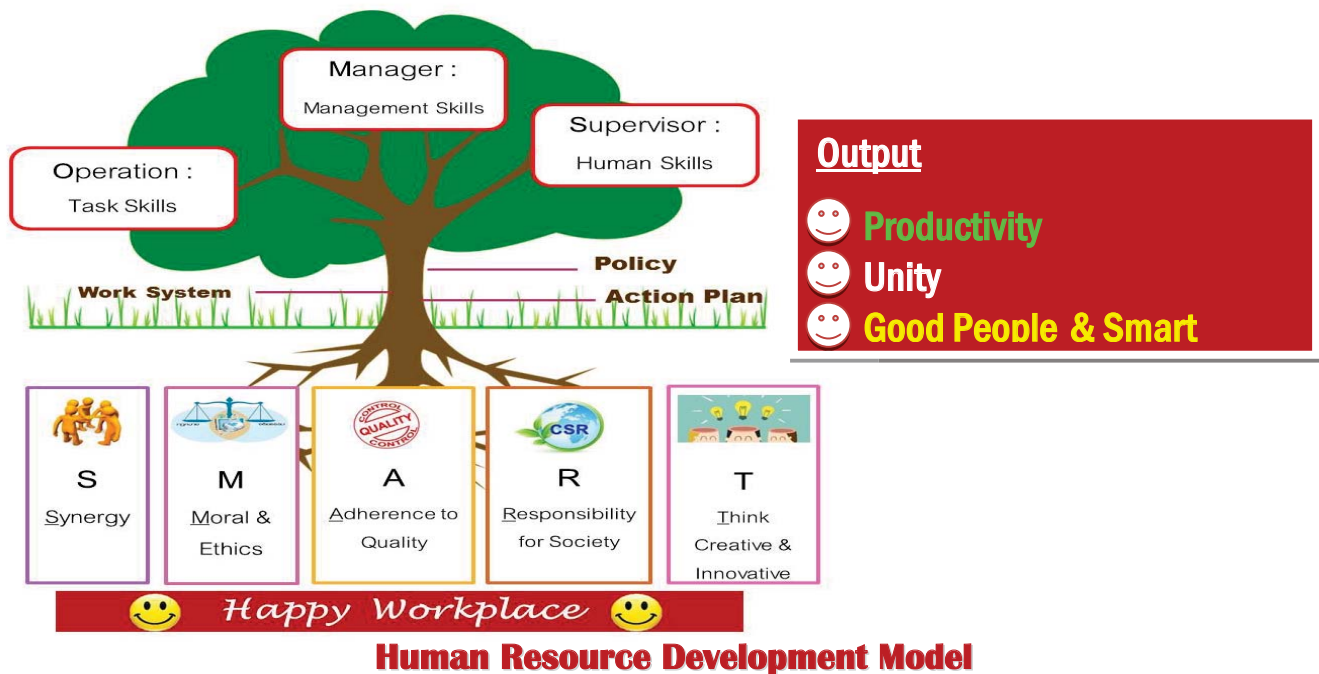
Promote and foster corporate Core Values, cultivate engagement

by continuously organize various trainings

Promoting and strengthening human resource is a key factor to drive the organization to success. Therefore, the Company has plan to development its employees at all level systematically.

- 1) manager level, focus on management skills
- 2) supervisor level, focus on human skills
- 3) operation level, focus on task skills

Development at all level are conform to and support the Company's policies, work system and operation plan, subject to the objective to harmonize its employees with SMART corporate Core Values, encourage employees to reach his full potential, as well as improving career advancement together with the company's growth and success under Happy Workplace principles. In this regard, the Company formulated human resource development as follows:



#### 1. Leader development program

The Company aims to develop Top & Middle Management so that they were prompt to grow to potential leader who was the key for achievement. Job descriptions of management in all units have been reviewed and revised to harmonize roles and responsibilities including work process with the Company's mission and policies. In addition, the Company not only organized training program for this group of employees helping them to expand vision in 4.0 era, but also SMART presentation program, roles and responsibilities of management in anti-corruption, and fostering organization culture to the team member conducted by invited specialists.



marketing strategy and consumer behavior,4.0 era



SMART Presentation



The executives' role for CAC



Strategies to cultivate corporate values for employees.

## 2. Key Persons Development

"Key Persons Development" The objective of Key Persons Development was to prepare the key employees to response to more challenging duties. The Company has chosen the employees who has qualified potential, work proficiency which able to push forward assigned task to success, including good working attitude.

In 2017, there were 59 key persons selected: 16 from business department, 27 from production department, and 16 from supporting department. Human resources department, together with the superior of original department, designed and made suitable Individual Development Plan for each person by using various development tools including training, tutoring, studying, coaching, project assignment, etc. These are opportunities for the employees to learn and gain experience which resulting in career advancement. Meanwhile, evaluation and follow up with related departments are conducted twice per year (June and November) to ensure that development of key person is truly accepted by both original department and relevant department.

## 3. Merchandiser & Designer Development Program

As a manufacturer and distributor of finished apparel and leather products, merchandiser and designer was another department that the Company attached importance to. The Company did not only arrange yearly fashion trend

training but also invited specialists and corporate advisers to share their experience and knowledge about export business management, leather as raw material, market strategy and consumer behavior in 4.0 era etc. in order to keep up with the dynamic change of fashion industry and consumer demand.

## 4. Operation and Supervisor

Training is one of the most important development tools within the organization whether in aspect of communications, team spirit, participation and work efficiency because the ability of an organization to achieve the target is depended on attitude, skills and knowledge which the employees derived from training.

Therefore, various trainings which assist the organization to bring out its employees' maximum potential and achieve its target can be categorized into:

### General course:

- Orientation course
- Quality Management System ISO 9001:2015 course
- Environmental Management System ISO 14001:2015 course
- Corporate Governance & Anti Corruption course
- Ergonomic for safety course
- First aid course
- Basic fire-fighting course

### Soft skill course:

- Coaching and team inspiration
- Making good relation and working as a team
- How to service like a professional
- Proactive strategy to become excellence

## Training Schedule (General course) of employees from various departments

Training Topics	Trainee								Training Date	Trainee Headcount
	Men's wear A	Men's wear B	Export Men's wear	Leather goods	Children wear	Woman Wear	Production	Business support		
1 Orientation for new employees									2 Rounds	
(Knowledge, support, business, safety, hygiene, textile, CAC)	✓	✓	✓	✓	✓	✓	✓	✓	20 Feb 17	20
	✓	✓	✓	✓	✓	✓	✓	✓	19 Jul 17	16

## → Corporate Social Responsibility Report

Training Topics	Trainee								Training Date	Trainee Headcount
	Men's wear A	Men's wear B	Export Men's wear	Leather goods	Children wear	Woman Wear	Production	Business support		
2 Interpretation of Terms ISO 9001 : 2015	✓	✓	✓	✓	✓	✓	✓	✓	07 Apr 17	17
Internal Audit for Quality System ISO 9001 : 2015	✓	✓	✓	✓	✓	✓	✓	✓	28 Apr 17	20
3 ISO 14001: 2015	✓	✓	✓	✓	✓	✓	✓	✓	18 Oct 17	25
Environmental Management & Risk Management in Quality and Environmental Management Systems									to 19 Oct 17	
4 Safety, Occupational Health and Working Environment for Employees							✓		2 Rounds 31 Mar 17 14 Jul 17	45 39
5 Energy Conservation and environmental management							✓		2 Rounds 01 Apr 17 15 Jul 17	43 29
6 Corporate Governance and Anti-Corruption	✓	✓	✓	✓	✓	✓	✓	✓	2 Rounds 07 Jun 17 31 Oct 17	63 36

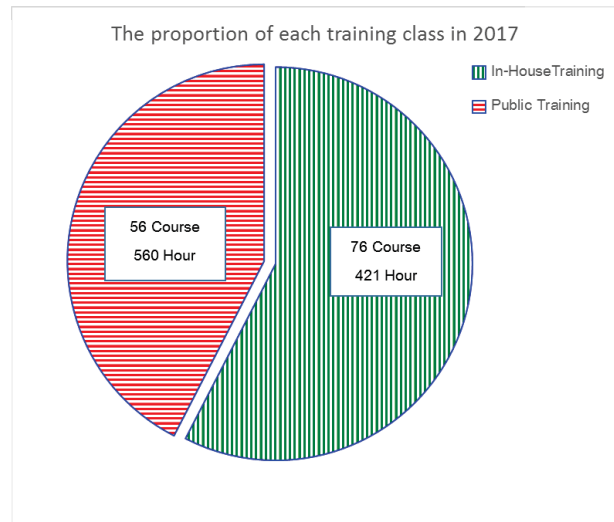
In 2017, there were 1,713 employees from Bangkok headquarter and branches trained (non-redundancy), equivalent to 79 percent of total employees. The detail as of November 2017 are described below:

- 189 persons from business department
- 1,256 persons from production department
- 268 persons from support department

## Summarize the number of Employees trained for the year 2017



There were 76 courses or 421 hours of In-house training provided. Plus 56 courses or 560 hours public training. In summary, 132 courses or 981 hours of training were provided in total.



### Corporate Core Values 'SMART'



As it is unquestionable that the world has changed swiftly nowadays. Business operation of the Company must be adapted not only concept and method, but also attitude in order to be ready for changes, step into new era of business and survive in these circumstances. By altering Beliefs into Core Values and practice through the whole organization until becoming a Behaviors, 'Core Values' are comparable to taproots of the organization

which is an essential part to drive the organization to achieve its vision & mission including other strategic target.



## → Corporate Social Responsibility Report

In this first year, the Company has set up a framework for its Core Values by organizing 2 outdoor seminar for Top & Middle Management and Change Agent to cultivate **SMART** Core Values to management and representatives from each units. So they can pass the knowledge and Core Values behavior on other employees as follow:

1. **First class** - "Build up Core Values for Business Sustainability" seminar for management on 10-11 June 2017 at Mida Grand Hotel, Nakorn Prathom province to educate and raise awareness of changes. Workshop & Brainstorm for **SMART** concept and behavior was conducted so the management are able to communicate vision & mission including **SMART** Core Values.

2. **Second class** - "Change Agent for Build up Core Values" on 21-22 July 2017 at Asita Eco Resort, Samut Songkram province to establish 'Change Agent' who will be representative for communication and persuasion of employees to participate in Core Values development activities.



Under the principles 'create, prolong, be possible', all activities are first steps to drive the organization's Core Values forward in the future. The progress is in accordance with plan. Not only Grand opening, exhibition was also conducted to communicate with daily employees (including public announcement in production line). For monthly employees, training and activities were conducted at all branches (Bangkok headquarter, Kabinburi and Lamphun branch). **SMART** project will be continue further throughout 2018.



### "Happy birthday for you" activity

To promote good relationship within the organization, this activity was organized monthly so that the employees had a chance to make merits, give the offering dedicated to the monks, do community service in their birth month. 'Happy birthday for you' activity bring employees who was born in such month to make merits, redeem cattle's life, do community service including lunch treat to children in the community to support the underprivileged, which brought happiness to both givers and receivers.



Sufficient, unite, contribute' activity at Kabinburi branch

This activity support and promote wellbeing of the employees by increase income and reduce expense through training so the employees learn how to make multi-purpose solution i.e. liquid detergent, dish-washing liquid for usage in household. Area are provided to plant home-grown vegetable for sharing among employees which saving their expense. Also, the employees may increase their income by selling such home-grown vegetable in the provided flea market.



Scholarships for employees' children.

The Company, with the collaboration with Dr. Thiem Chokwatana foundation, bestowed the financial aids to employees' children in primary and secondary education for 21<sup>st</sup> consecutive year to give better educational opportunities and to relieve employees from educational burden.

### 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 2016, the following provisions were made:





### 1. Happy Body - promotion of employee health

- 1.1 Health check was organized based on risk factor assessment including exposure to chemicals, lighting, noise, heat, dust or any other hazardous factors.
- 1.2 Annual health checks
- 1.3 Facilities for employees who need to stand or sit for a long period according to ergonomics.
- 1.4 Doctor and nurse were appointed for health counseling.
- 1.5 Exercising activities such as yoga and corporate sport day were initiated.
- 1.6 Motto "Sticking to good things and say no to drug" was promoted.

2. **Happy Heart** - promotion of employees' sharing and generosity behavior as well as encouragement of volunteer work awareness such as:

- 2.1 Blood donation activity to the Thai Red Cross Society, Lamphun hospital and Kabinburi hospital was held in every quarter. In 2017, the employees altogether donated 263,550 cc. of blood which saving 1,976 human lives
- 2.2 Funds raised from the employees was given to the colleagues who suffered from troubles.

3. **Happy Relax** - promotion of relaxation and pleasant working ambiance including recreation, music show, and sport game.

4. **Happy Brain** - In addition to internal and public training, the Company supported self-learning via web board which publicize various knowledge and information through intranet system. Furthermore, the Company held an innovation contest within the Thanulux Group (Thanulux Innovation Awards) for the 10<sup>th</sup> consecutive year. The vision was to enhance employees' knowledge, to encourage the creativity, to inspire the idea of "Creative for the Better" and thus to develop the work proficiency.

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 Monthly offering to Buddhist monu.
- 5.2 An annual remembrance of the passing away of Chairman Dr. Thiam Chokwatana, founder of the Saha Group.
- 5.3 Traditional events such as lent candle casting ceremony, offering to temples, 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.

- 6.1 Training of savings, financial planning and secure retirement planning was organized.
- 6.2 The cooperatives was founded and promoted. Financial institutions were allowed to collect deposits from employees every month.
- 6.3 The training of "Reused container: safe and organic planting" was offered. The employees were encouraged to plant for the household consumption or for selling in the Company during recess.

### 7. Happy Family - The Company organized bonding activities as follows:

- 7.1 Mother's corner to encourage breast-feeding
- 7.2 Mother's day activity "Share Love to Mom"
- 7.3 Children's day activity

**8. Happy Society** - The Company encourage and instill the employees to responsible for both society and community which includes:

8.1 Lunch treating to children at Bua Luang community and ice-cream treating to students at Wat Klong Mai School located on Rama3 Rd., Yannawa, Bangkok on the occasion of the remembrance of the passing away of Cheirman Dr.Thiem Chokwattana on 28<sup>th</sup> June 2017.

Apart from activities organized under “Happy 8 workplace” principles which promote employees’ were happiness the Company also focus on the employees who have financial burden which has become a crucial social problem nowadays. The Company has provided advice, training on sufficient economy philosophy are a guideline to prevent problem which may occurred in the future. The Company included in the founding of Saha Group Employees Saving and Credit Cooperative in 2013 to promote saving and effectively relieve financial trouble and illegal loan. Now, 870 employees of the Company are member of the cooperative and in 2017, the Company provided service to many employees separated into 9 housing loan of Baht 7,120,000. As well as 369 urgent loan and ordinary loan to develop member’s life quality (health, education, house renovation) of Baht 5,453,100.

As a consequence of the said work-life balance activities, the Company headquarter and Lamphun branch were awarded **“Excellence Establishment on Labor Relations and welfare country level”** for the fifth and third consecutive year **respectively**. And provincial level for Kabinburi branch. The company was greatly honoured by this award which signified management and value for the good quality of life of employees who were the most valuable assets and key factor foe the Company’s achievement.



### Consumer Responsibility

“To strive to surpass customers’ expectation with innovative and excellent quality products and services.” is another important mission of the company. Therefore, the Company attaches the utmost importance to customers’ satisfaction 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 9001:2015, from the process of sourcing, manufacturing, quality checking and packing, of which every step is auditable.
2. Certified for the electric saving “Label No.5” for shirt from the project of Electricity Saving type shirt of Electricity Generating Authority of Thailand.
3. 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 regulations of the Office of Consumer Protection Board (OCPB) in order to make sure that consumers receive the correct information. The Company also includes some labels such as certified quality assurance label, environment health and safety label, Thai labour standards label, drug-free workplace label, etc. to support consumers' decision making, also, 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.

### Environmental Conservation Action

#### Energy Management for Environmental

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.

##### Energy Conservation Policy

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.

In 2017, the Company has implemented energy conservation campaigns as follows:

1. Inspection of steam traps in steam irons, steam machinery other equipment and Steam pipe, If they are found to be breakage, replacement or repair are swiftly installed in order to clear condensate and reduce loss of steam from the system, which has saved 2,000 liters of fuel oil a year, equivalent to 30,000 Baht per year.
2. 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 4,000 units of electricity energy per year, or equivalent to 16,400 Baht a year.
3. 2 units of split type air conditioners 40 Ton.R were installed as a replacement in the building 1 (Assembly area). Since the old evaporative coolers were broken and cannot generate cold as per specified, the company brought in the replacement to reduce the electricity consumption. The investment valued 274,750 Baht, in return, the company saved 64,800 kWh electricity a year, or equivalent to 245,000 Baht a year. The payback period was 1.02 year.
4. 2 units of split type air conditioners 25 Ton.R were installed as a replacement in the building 1 (Finishing area). Since the old evaporative coolers and compressors were broken and cannot generate cold as per specified, the company brought in the replacement to reduce the electricity consumption. The investment valued 626,000 Baht, in return, the company saved 64,350 kWh electricity a year, or equivalent to 243,000 Baht a year. The payback period was 2.5 years

5. Energy: Importance and Conservation' training for employees was arranged. The objective is to promote the realization of energy conservation and maximized consumption. 4 sessions was held: in March, June, September and December 2017.

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%

8. The company joined "Eco Factory" project by Federation of Thai Industries as per industrial development policy of Thai government to create harmony in various dimensions including physics, economy, society, environment, and management under the concept of sustainability. The company received a certification from Industrial Estate Authority of Thailand and Federation of Thai Industries. Environmental and energy resource management included:

## 1. Reduce Reuse Recycle

- Reuse waste such as paper, plastic bottles and cans.
- Reduce water and electricity consumption as also waste by reusing them.
- Encourage employees to avoid using plastic bags.



Waste separation and sale,  
give money to the merit bank project.  
Donate for a scholarship to Wat Sra Du School.



Activities to promote and educate the students  
about waste separation at Wat Sra Du School  
on Children's Day

## 2. Pollution Control

The company decreased the usage of toxic substance and chemicals to safeguard employees' health and environment by

- Dispose toxic products and hazardous chemicals with safety
- Develop, support and source the products as well as the materials that didn't contain toxic substance or hazardous chemicals, and ensures that the current product can be reused under the appropriate process.
- Follow the rules and regulations imposed by law and also the environmental requirements imposed by communities and the country.



## → Corporate Social Responsibility Report



Encourage employees to have knowledge about organic agriculture also organize demo area for practice



Training how to produce of multi-purpose solution. for reducing the use of chemicals in daily life.

### 3. Environmental Friendly Procurement

The company had an intention to use the products and materials that had no hazardous substances.

- Used the materials and products that contained no hazardous chemicals by taking certificate into account.
- Selected the products that use minimal packaging possible such as using spray can instead of plastic, or plastic foam.
- Used energy saving appliances.



Certificate showing that no hazardous substances



## 4. Energy conservation and education

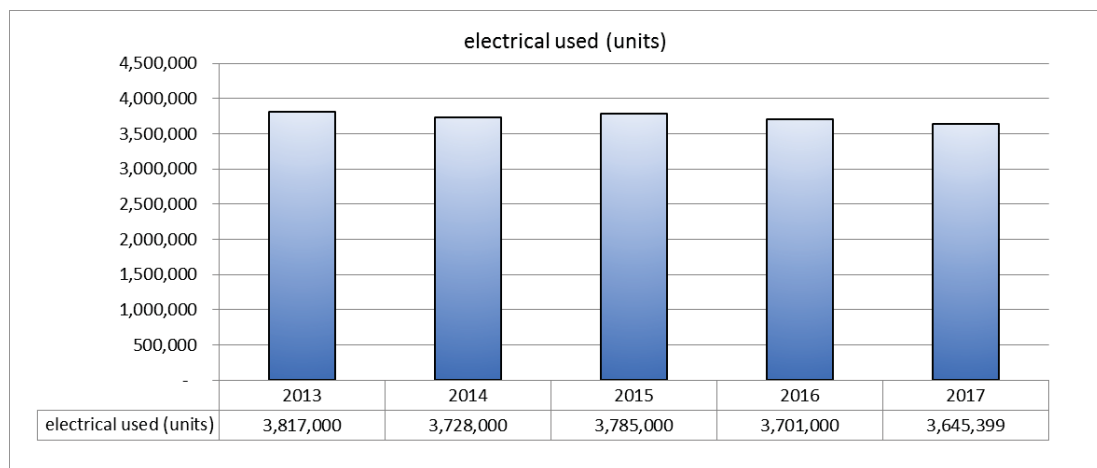
The company encouraged and supported energy conservation through internal communication and training. Moreover, the knowledge regarding environmental preservation and pollution prevention were given through training with the aim to educate them the practice of reusing waste, the basics of energy conservation, the environmental-friendly products as well as the importance of environmental preservation.

Continuously expand the green area in factory perimeter every year. Motivate employees and nearby communities to afforest as well as distribute seedling as per "Bank of Trees" campaign.

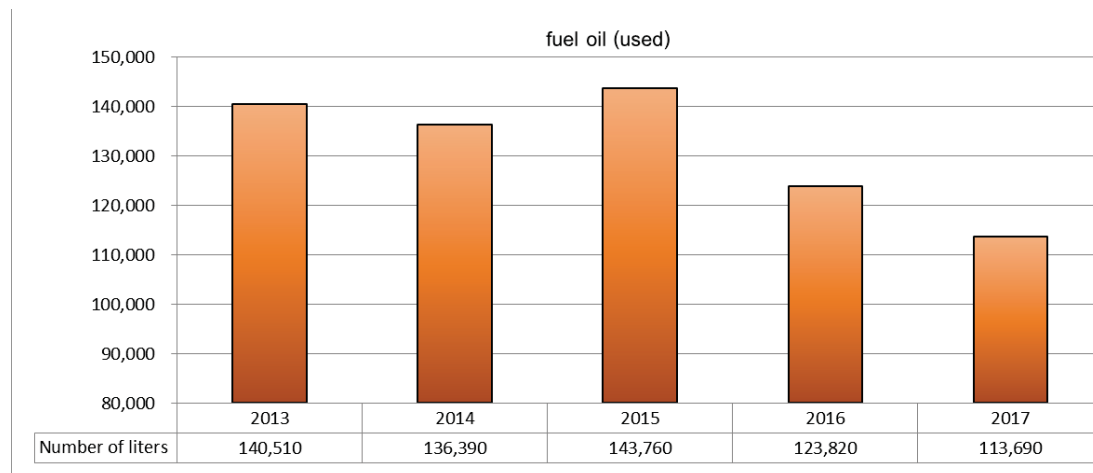


The company would tried any means to ensure that environment preservation was one the most important value to conduct business. As a result from the above implementations, the company was able to reduce the utilization of electricity, water, and fuel oil for more than 5% in 2017.

### Reducing electric consumption data



### Reducing fuel oil consumption data



### Pollution Emission Control

The company conducted the test to inspect the level of pollution emitted from manufacturing process as follows:

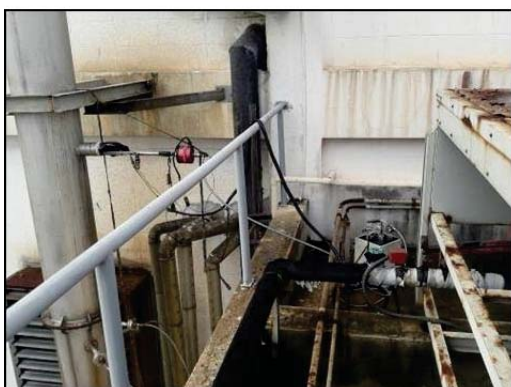
No.	Checklist	Measurement results
1	Analyse Noise loudness level in workplace	76 dBA Pass the standard
2	Analyse Ambient air was around workplace	0.080 mg/
3	Analyse Heat stress in workplace	25.5 WBGT
4	Analyse Chemical agents in airborne in workplac	Pass the standard
5	Analyse illumination levels	Every point pass the standard
6	Analyse Dust agents sampling in airborne workplace	Every point pass the standard
7	Analyse opacity out from Boiler chimney	Pass the standard
8	Analyse wastewater quality	Pass the standard pH = 7.5at 25°C Biological oxygen demand = 11 mg/l Chemical oxygen demand = <40 mg/l Suspended solids = 14 mg/l Total dissolved solids = 368mg/l Oil & Grease = 2.0 mg/l Total Kjedahl Nitrogen = <1.0 mg/l
9	Analyse water quality in - out from Boiler -Feed in boiler -Feed out boiler	Pass the standard pH =7.2 at 25°C Total hardness = <2.0 pH = 11.0 at 25°C Total dissolved solids =1,254 ppm



Analyse wastewater quality  
Result : Pass the standard



Analyse water quality in - out from Boiler  
Result : Pass the standard



Analyse opacity out from  
Boiler chimney  
Result : opacity 3.166%

#### Project "Send Sea Turtles Home with Thanulux PCL"

The project represented the company support towards environmental preservation by encouraging employees, together with their families, to return sea turtles to the wild. There were others activities like presentation about sea turtles session and also voluntary work to clean sea turtle ponds, which fostered the affectionate and environmental mind. The event took place on Friday 28<sup>th</sup> July 2017 at Sea Turtles Conservation Center Royal Thai Navy, Sattahip, Chonburi. In addition, there was symbolic representation in this project. That was, sea turtles signified longevity, which could be implied as a business that was prosperous and sustainable



Turtle Conservation Project To prevent the extinction of Thai sea turtles



## → Corporate Social Responsibility Report

### Project “Together for Good Hygiene” or “Big Cleaning Day”

Nowadays, environmental issues were due to many causes including lack of hygiene and increasing pollutions, etc. Therefore, like years and years before, the project called “Together for Good Hygiene” or “Big Cleaning Day” was held on 11<sup>th</sup> August 2017 with the objective to develop the better landscape and environment for all employees together with the neighboring communities. All the related parties worked together to clean the area within the company and vicinity, which resulted in the proper working ambience, hygienic environment, and solidarity among the employees in all levels as well as neighboring communities



## Social and Communities Development

The Company conducted a business with responsibility towards nation, society, communities and also local traditions in order to maintain flourishing society. The policy and regulations included:

1. The Company would not deteriorate the society nor violate the right of any member in the society or the communities.
2. The Company continuously fostered the idea of social responsibility to the employees at all levels.
3. The Company imposed the measures to prevent as well as solve the issue, caused by company's act, which affected society and communities.
4. The Company encouraged the conservation of cultures and local traditions.
5. The Company cooperated with the any institute in developing the communities.



6. The Company sponsored any activities that led to public interest.

7. The Company supported the economy within the communities and society through employment and communities products.

8. The Company developed a healthy relationship with society and communities on the basis of ethics, justice and transparency.

### Career Building for Communities

#### Project "Sewing Cloth Bag Course ... Phradabos Foundation to Fight Global Warming"

Mrs. Varindr Leelanuwatana, Chief Executive Officer, had a strong intention to continuously support Phradabos foundation. Since 2012, more than 3.7 million baht had been awarded as a scholarship to Phradabos students. And in 2016, the company in collaboration with Luk Phradabos project under Phradabos foundation, had initiated the campaign "Sewing Cloth Bag Course ... Phradabos Foundation to Fight Global Warming" aiming to build a career for communities.

Later in 2017, Her Royal Highness Princess Maha Chakri Sirindhorn visited Luk Phradabos event and saw the sewing cloth bag course. The company hence took a chance to, with all due respect, offer the income as a financial aid to the foundation.

To align with the government's strategy of public – private collaboration for Thailand's strong and sustainable growth, The company further developed "Sewing Cloth Bag Course" project into the larger scale one called "Thanulux public - private collaboration". The project involved offering a teaching course incorporating the company high quality sewing expertise, machine, tools and materials knowledge, as well as hands-on practice and correct sitting posture that did not trigger health risk. The course was monitored and evaluated in order to tailor the next improved one

#### Outcomes:

1. 11 classes, with more than 130 participants, were taught.
2. The participants were able to apply the course as a job and earned a living.
3. The incomes after expenses of the project was given to Phradabos foundation to help the underprivileged.

## → Corporate Social Responsibility Report

4. The objective of Phradabos foundation was more recognized to the others.
5. Government policy of reducing the use of plastic bag to react to global warming was promoted.

### Focus on Education

#### Scholarship for a Bachelor's Degree in Textile Chemical Engineering and Textile Engineering at the Faculty of Textiles Industry, Rajamangala University of Technology Krungthep

In 2017, the company together with the companies under the Saha Group, continued to support the collaborative project (Corporate University: COU) to produce textile personnel for the 3<sup>rd</sup> consecutive year. However, 2017 was the last year to accept the application from the communities neighboring the Saha Group. This year, the company granted 4 units of scholarship to the faculty of textiles industry, Rajamangala University of Technology Krungthep. The scholarship covered all expenses for 4 years or 200,000 baht per unit, the total amount granted was equivalent to 800,000 baht. Since the start of the program, total scholarships granted by the company were 19 persons.

The scholarship students were knowledgeable and well equipped in every aspects: textile knowledge, management competence, English proficiency, and living skills. They also prepared themselves for work by learning organizational cultures through internship during school break. With this regard, the scholarship students were, aligning with the objective of the project, prompt to be an important labor to develop textile industry by initiating and applying new ideas and approaches to the organizations. With the connection of textile companies under SAHA group, they would be able to sustainably expand textile industry of Thailand.



Scholarship ceremony for collaborative project to produce textile personnel for the 3<sup>rd</sup> consecutive year.

### Respect to the Royal Institution

#### In remembrance of His Majesty the Late King Bhumibol Adulyadej

Since 13<sup>rd</sup> October 2016 when Bureau of the Royal Household declared an official statement the passing of His Majesty The King Bhumibol Adulyadej until 29<sup>th</sup> October 2017, a year of great loss, Thai people had their hearts broken and mourned with deepest condolences. As a part of Thai people with eternal respect and gratitude to his Majesty the King Bhumibol Adulyadej's dedication and kindness to Thai people, the company, together with the employees held various activities including hosting a Buddhist prayer ceremony on 7<sup>th</sup> April 2017, sandalwood flower making for the Royal Cremation ceremony, planting marigolds as a symbol for eternal respect, organizing commemoration ceremony of the passing of His Majesty the Late King. As for the Royal Cremation ceremony day on 26<sup>th</sup> October 2017, Thanulux board of directors and employees presented sandalwood flowers to pay their final tribute to His Majesty the Late King at Pariwat Temple, Rama 3 road, Yannawa. Some employees worked as a volunteer helping people who attended Royal Cremation ceremony at Sanam Luang ceremonial ground.





## Buddhism Sustentation and Public Interest Funding

### Charitable donations

The Company supported the public interest program **“Love Makes the World Go Around”** founded by Phaya Alongkot Tikkapunyo, the abbot of Phra Baht Nam Phu temple with the aim to help AIDS patients and orphans. For the 6<sup>th</sup> consecutive year, on 7<sup>th</sup> September 2017, Phaya Alongkot was invited to preach to the employees and received the chantry of 100,000 baht along with necessities for monks from employees and neighboring communities.

The Company funded Dr. Theim Chokwattana foundation as a support for community service activities concerning education, religion, communities, underprivileged aid and casualties’ aid on a yearly basis. In 2017, the Company donated 1,500,000 baht to help the people in southern part of Thailand who suffered from flood and to White, Black & Gold charity held by Utokapat foundation.

### Classroom Redecoration Project

School, especially nursery school, was one of the important institution of the community. It was a source of knowledge and development of the children. Therefore, the environment in the classroom should encourage learning. On 23<sup>rd</sup> June 2017, the company redecorated classrooms and nearby area in the Wat Klong Mai school. Directors along with employees of Thanulux PCL. created the world of creativity by making the classrooms colorful in order to response to children’s both physical as well as mental needs. Proper educational tools were also provided to motivate self-learning behavior.





### Innovation, Product Research and Development

The company realized the importance of product development to response to customer's needs. Therefore, the innovation contest was held every years since 2007 by the research and development department.

For the past 4 decades, in order to win the 1st place in customer's mind, Thanulux PCL concentrated on developing quality products, services, and innovations to satisfy their needs and to sustainably alleviate environmental problems. As seen in 21<sup>st</sup> SAHA Group Fair 2017, the company introduced products with new innovation under leading brands as follows:

#### Flex Shirt by Arrow

The shirt that provided flexibility in every moves were catered to the customers who wanted good personality, well-fitting shape while maintaining mobility. With special yarn spinning technology, the fabric was not only soft, lightweight, and comfortable, it was also breathable. Moreover, the fabric can be stretchable for 15-20%, which was the comfort stretch that had high stretch recovery and was not shrunken or stretche.



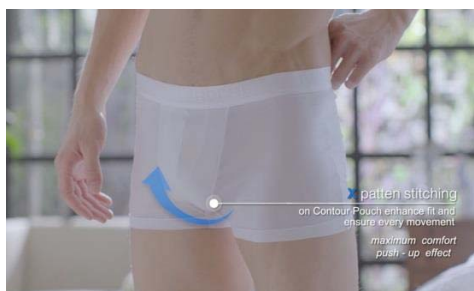
#### Fresh Shirt by Arrow

The latest innovation of shirt with “Nano Zinc” technology, which was tested and proven by scientists that it had a property to kill and stop staphylococcus bacteria, a cause of odor, from growing. Pairing with high technology manufacturing process, “Nano Zinc” can be implanted in the fiber, which made it enduring after wash and hence did not harm environment. Apart from antibacterial, “Nano Zinc” had anti-UV ability which prevented skin cancer and also kept moisture while comfortably breathable at the same time



### XTRA Balance Underwear by Guy Laroche

With special underwear pattern design, the product was an answer to modern lifestyle which required comfort, well-fitting and flexibility in order to team with slim fit trousers.



XTRA Balance was a privilege offered via Guy Laroche men's underwear. It was a good mixture of X pattern that allowed firm fit yet comfortable teaming up with cotton lycra fabric that was lightweight soft breathable and flexible and also sport-designed waistband that was soft and not too tight. All become a perfect Guy Laroche innerwear "XTRA Balance".

### Xtra stretch Shirt by Guy Laroche

Super stretch innovation to challenge any opportunity in life

Shirt was made from fabric containing special fiber "Spandex" which was lightweight, comfortable and breathable. It satisfied the lifestyle of the new generation men who craved for comfort and stretch. Together with the smart-casual design, it enhanced wearer's personality and confidence no matter if it was a working day that required formality or holidays that needs relaxation



### Label No.5 Shirt - Collaboration Project with Electricity Generating Authority of Thailand (EGAT)

The company signed agreement to participate in label No.5 apparel project by Electricity Generating Authority of Thailand (EGAT) with the purpose to reduce the electricity consumption from ironing. The company therefore developed a fabric, sewing technique and manufacturing process to ensure that the garments offered met the standard and was certified with label no.5. The product will be launched in 2018.



## → Corporate Social Responsibility Report

Label No.5 Shirt were certified with the “Cool Mode” standard which was the label from the project between Thailand Greenhouse Gas Management Organization (public organization) and Thailand Textile Institute. The fabric was tested in 3 aspects including:

1. Safety
2. Quality and Durability
3. Heat Ventilation



Wearing the garments with “Cool Mode” will allows wearers turn up the temperature on air-conditioning for 1 degree Celsius as the garments itself can cool the body temperature down for 1-5 degree Celsius. Moreover, label no.5 garments were required to pass the textile testing from Thailand Textile Institute.



# SMART

## Core values ... to become excellence

Thanulux Public Company Limited has adopted its Core values 'SMART' and organized the kick-off activities at Bangkok head office, Kabinburi branch and Lamphun branch with the purposes to establish understanding and express its characters, be prepared for changes, and lead the organization to success as demonstrated in its 'dedicated excellence' slogan.

Thanulux PCL.  
Head office (Bangkok)



Thanulux PCL.  
Lamphun branch



Thanulux PCL.  
Kabinburi branch



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