

Connected Transactions

In 2016, 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 31st December 2016, 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 31st December 2016, 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 2016 are stated below:

1. Ordinary and Usual Course of Business

The Board of Directors in meeting no. 5/2558 held on 9th November 2015 adopted a resolution which granted authorization for the execution of certain types of transactions with 17 connected persons in respect of the Company's ordinary and usual course of business which occurred or was expected to occur in the year 2016. 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	Ramasorn Thaveekarn Company Limited	Major shareholder
2	S. Apparel Company Limited	SPI is a co-major shareholder
3	PTK Multi-Service Company Limited	SPI is co-major shareholder
4	Wise Winner Company Limited	RST is a co-major shareholder
5	Morgan De Toi (Thailand) Company Limited	SPI and ICC are co-major shareholders
6	Total Way Image Company Limited	SPI, ICC and RST are co-major shareholders
7	International Leather Fashion Company Limited	SPI, ICC and RST are co-major shareholders
8	Thai Monster Company Limited	SPI and RST are co-major shareholders
9	Thai Takaya Company Limited	SPI and ICC are co-major shareholders
10	SSDC (Tigertex) Company Limited	SPI and ICC are co-major shareholders
11	Thai Itokin Company Limited	SPI and ICC are co-major shareholders
12	Thai Secom Pitakkij Company Limited	SPI and ICC are co-major shareholders
13	Thai Gunze Company Limited	SPI and ICC are co-major shareholders
14	Erawan Textile Company Limited	SPI and ICC are co-major shareholders
15	Saha Pathana Inter-Holding Public Company Limited	Major shareholder
16	Thai Wacoal Public Company Limited	SPI is a co-major shareholder
17	Saha Pathanapibul Public Company Limited	SPI and ICC 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 2016 (Million Baht)
Support of Ordinary and Usual Course of Business	Revenue	- consultancy income	8.00	2.90
Short-term Lease of Immovable Property Not Exceeding 3 Years	Expenditure	- consultancy fees	1.50	0.96
Transaction Related to Assets or Services	Revenue	- Rent of Immovable Property	30.00	7.19
Financial Assistance	Expenditure	- Central Processing Fee	5.00	1.63
		- Security Fee	8.00	4.13
		- Loans	95.00	90.00
		- Guarantees		

Rules for Determining Returns

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| 1. Rental Income | Based on location, condition and assets utilization. |
| 2. Data Processing service | Based on cost plus reasonable compensation |
| 3. Consultancy Fee | Calculated from cost plus reasonable remuneration depending on complexities and scope of services. |
| 4. Rental of Alarm Devices | Based on the type of alarm devices used in risk areas. |
| 5. Security Expense | Based on the headcount of security guards in each shift. |
| 6. Lending interest | Calculated from average deposit interest rates of 5 major commercial banks plus reasonable defined rate. |
| 7. Guarantee fee | Reasonable fee |

Interested Directors

Did not attend meetings and did not cast votes, namely

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

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.

Minority opinion of Company Director – none.

2. Purchase of ordinary shares in Bangkok Tokyo Socks Company Limited from a connected person.

Company Board of Directors Meeting No. 5/2559 on 11th July 2016 passed a resolution to approve the purchase of ordinary shares in Bangkok Tokyo Socks Company Limited (operating the business of manufacture and export of socks) from Sahanam Textile Company Limited, a connected person, in the amount of 30,156 shares at the agreed price being the book value as at 31st December 2015 at 143.58 baht per share (100 baht par value), a total sum of 4,329,798.48 baht. The purchase was made as part of the excess liquidity management scheme, being an investment in a connected business at a reasonable price.

Connected Persons

The Company and Sahanam Textile Company Limited have common major shareholders, as follows

Major Shareholder	Shareholding in	
	Thanulux Pcl.	Sahanam Textile Co., Ltd.
Saha Pathana Inter-Holding Pcl.	23.52%	18.00%
I.C.C. International Pcl.	11.09%	18.00%

Interested Director none

Minority opinion of Company Director none.

3. Sale of ordinary shares in T. Chamber Company Limited to a connected person

Company Board of Directors Meeting No. 6/2559 on 10th August 2016 approved the sale of ordinary shares in T. Chamber Company Limited (distributor of three garments of monks, religious ceremony garment and religious items) to Ramasorn Thaveekarn Company Limited – a connected person, in the amount of 99,998 shares at the agreed price of 100 baht per share (the book value as at 31st March 2016 was 70.09 baht), constituting a total amount of 9,999,800.- baht. It was found that the price was reasonable and the investment paid was not directly connected to the Company's principal business.

Connected Persons

Ramasorn Thaveekarn Company Limited is a major shareholder of the Company, with a shareholding of 12.51%

Interested Director none

Minority opinion of Company Director none.

4. Purchase of assets from Thai Monster Company Limited, a connected person.

Company Board of Directors Meeting No. 7/2559 on 23rd September 2016 approved the purchase of assets from Thai Monster Company Limited, namely the second floor of a factory together with installations in the building. The asset comprised of 2,020 square meters of utilization area, situated in Sahapat Group – Sriracha Industrial Park, number 688, Moo 11, Ao Udom – Pakruam Road (Highway 3015), Nong Kham Sub-District, Sriracha District,

Chonburi Province. The asset was purchased for the price of 9,000,000.- baht. The valuer was UK Valuation and Agency Company Limited, independent valuer authorized by the SEC. The purchase was made for business purposes, with the Company having sufficient liquidity while the price and terms of purchase were reasonable.

Connected Persons

The Company and Thai Monster Company Limited are common major shareholders, as follows:

Major Shareholder	Shareholding in	
	Thanulux Pcl.	Thai Monster Co., Ltd.
Sahapat Inter-Holding Pcl.	23.52%	19.50%
Ramasorn Thaveekarn Co., Ltd.	12.51%	12.50%

Interested Director Mrs. Varindr Leelanuwatana, Chairperson of Thanulux Pcl. and Thai Monster Co. Ltd., did not have the right to vote and left the meeting room.

Minority opinion of Company Director none.

5. Guarantee of loan in proportion to investments in Sahapat Real Estate Company Limited, a connected person

Company Board of Directors Meeting No. 9/2559 on 13th December 2016 passed a resolution approving the guarantee of loans in proportion to investments (2.40 percent) for Sahapat Real Estate Company Limited – a connected person (real estate business operator) – for the amount of 9,120,000.- baht over a guarantee period of 5 years from 20th January 2017, with Krungsri Bank Public Limited. The purpose of this guarantee was to extent financial support and assistance to enhance business strength of invested companies in accordance with operational plans. Sahapat Real Estate Company Limited, the connected person, had obtained a loan from Bank of Ayudhya Public Company Limited in the amount of 380,000,000.-baht, being a long-term loan with a repayment period of 5 years.

Connected Persons

The Company and Sahapat Real Estate Company Limited are common major shareholders, as follows:

Major Shareholder	Shareholding in	
	Thanulux Pcl.	Sahapat Real Estate Co., Ltd
Sahapat Inter-Holding Pcl.	23.52%	40.00%
I.C.C. International Pcl.	11.09%	19.90%

Interested Director Mr. Thamarat Chokwatana, a director of Thanulux Pcl. and Sahapat Real Estate Co. Ltd., did not have the right to vote and left the meeting room.

Minority opinion of Company Director none.

Necessity and Reasonableness of Transactions with Persons of Potential Conflict of Interest

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

Measures or Procedures for Approving Connected Transactions

1. Transactions in the ordinary and usual course of business between the Company or its 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 4th 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."