

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 31st 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 31st 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 9th 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

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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	Revenue	- Rent of Immovable Property	30.00	8.54
	Expenditure	- Rent of Immovable Property	1.00	0.77
Transaction Related to Assets or Services	Revenue	- data processing services	5.00	1.62
	Expenditure			
Financial Assistance		- Loans - 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 11st, 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 11st 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 -

> Management and Corporate Governance

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 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."