

## Nature of Business

### ลักษณะการประกอบธุรกิจ

#### 1. Nature of Corporate Business

I.C.C. International Public Company Limited is the leader in distribution of fashion brands from both imported and also from innovation of the Company and its affiliates. The corporate main industries are cosmetics and perfumeries, hair and skin care products, full line of textile and garment industries including underwear, outerwear, sportswear, apparel for physical exercise, fabric care and leather goods, etc.

##### - Cosmetics and Perfumeries Industry

From the start of its incorporation in 1964, the Company's core business has been involved in the sale of cosmetics under the Japanese brand name PIAS. Since then, the Company has expanded our cosmetic business by continuously introducing various other brands, such as BSC PURE CARE, SHEENÉ ARTY PROFESSIONAL, HONEI V and ST. ANDREWS. In October 2005, the Company introduced a new cosmetic brand - BSC COSMETOLOGY, under Saha Group brand for international marketing. The compact powder is the main product for advertising to create brand awareness within the target group. The celebrity and testimonial marketing approaches have been adopted by using celebrities as its presenter to stimulate trial need. In 2010, some cosmetic items based on Korean trend has been added for such products as BSC WHITE PINK BB by BSC COSMETOLOGY, a compact powder with blemish balm cream (BB) as an ingredient which helps lighten your face and makes your skin look healthy. SHEENÉ BB products have also been introduced, such as skincare and foundation powder products, thus leading to higher market shares and sales.

##### - Lingerie Industry

The Company shows relatively high performance in lingerie market and now carries seven brands of lingerie, which include WACOAL, BSC, BSC LINGERIE SIGNATURE, ELLE, VR, POP LINE, KULLASTRI. Our strategy to differentiate our products in the market is to create uniqueness for each brand. In addition, the Company has implemented a comprehensive marketing strategy covering all target groups by enhancing efficiency and innovations for increasing value added to all products.

##### - Men's Wear Industry

The Company is the distributor of men's wear under such brands as ARROW, EXCELLENCY, GUY LAROCHE, GUY DE GUY LAROCHE, DAKS, ELLE HOMME, LACOSTE, GETAWAY, BSC JEANS, BSC EX, ST.ANDREWS, MARINER, GUNZE, MIZUNO, LE COQ SPORTIF and MAXIMUS. The main distribution channels are department stores in Bangkok and upcountry, with regular sales personnel providing product advice and an after-sales service. A new distribution channel has also been opened in discount stores, as well as in shops that have opened in shopping malls.

#### 2. Revenue Structure

As the Company has conducted a business as a distributor of consumer products within the same group of business, so it was deemed no significance for the Company to disclose proportion of revenue classified by business group.

#### 3. Major changes and activities in 2010

##### • BSC COSMETOLOGY

Founded : October 2005

- **BSC COSMETOLOGY** : Currently, Korean wave is very popular among consumers, particularly Korean cosmetics that have continued to show relative high growth and received well acceptance by consumers. Then, BSC COSMETOLOGY introduced a new formula of foundation powder products, called BSC WHITE PINK BB which is different from ones available in the market because it will help lighten your face naturally, to a pink-white color shade of your skin that makes you look

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healthy. For the marketing campaign, we have recruited Miss Thanchanok (Bebé) Ritthinakha, a teenage actress as the new presenter for BSC COSMETOLOGY, with a new-style advertising concept which could be regarded as new phenomenon because it differs from previous BSC COSMETOLOGY advertising movies. Aside from launching marketing campaigns for foundation powder, BSC COSMETOLOGY has created various make up products, particularly 'Legend of Color,' a collection of make up products inspired by beauty of flower colors. This cosmetics product comes in luxury-design packages decorated with Swarovski element, thus enhancing value for this collection. We also introduced an innovation of anti-aging skincare, with caviar and gold extracts. Moreover, the Company recruited Miss Chutima (Khai Muk) Durongdet, Miss Thailand Universe 2009 as the presenter for this collection. After broadcasted via television during 2009-year end, the advertising for this collection has been put on billboard in order to create better image for the products and highlight brand awareness for BSC COSMETOLOGY.

- **SHEENÉ** : The Company has highlighted our leadership in oil free powder market through the new advertising concept of "CONFIRM" for SHEENÉ OIL FREE products that always have the highest sales and receive highest acceptance by consumers. Then, Miss Khirati (Gypsy) Mahaphruekphong, a teenage actress was selected as the presenter for this advertising concept of SHEENÉ OIL FREE. Besides, the Company has expanded a product line for this brand by launching SHEENÉ EYE LINER products by mid-2010 for product diversification.

- **40<sup>th</sup> Anniversary of Wacoal, THE WAY OF EXPERT**

For about four decades, the legend of lingerie has been weaved through beauty of underwear, truly reflecting the charm of women. ICC takes pride in partially supporting attractive beauty and figure of woman at any stage of their life

- First decade (1970 - 1980): It was a period of strengthening business fundamentals, so it was full of new things to be discovered and experience to be shared, thus leading to the quality development for raw material, physiology and experts in order to support the exports to foreign countries. On the occasion of 10<sup>th</sup> anniversary of WACOAL, the trademark of question mark was replaced by blooming flowers reflecting the growth of brand that continues until present.
- The second decade (1981-1990): It was a period of competitiveness enhancement, such as management system development through using computers to support business operation for the first time. Besides, WACOAL, joined hands with Thai Industrial Standards Institute for the first time to initiate a project to survey size and figure of Thai women and girls.
- The Third decade (1991-2000): It was a period of Thai economic expansion which helped boost the sales of WACOAL accordingly.
- The Fourth decade (2001-2010): At present, WACOAL focuses on implementing a proactive marketing strategy and we never stops to create new collections to precisely respond to the needs of women as well as continuing to development products that helps ensure our success and leadership in Thai lingerie markets.

- **WACOAL PRINCESS COLLECTION**

Incomes of the collection designed by Her Royal Highness Princess Sirivannavari Nariratana was contributed to the construction of Breast Cancer Center of National Cancer Institute.

- **WACOAL SHOWBRA SHOWCASE**

This activity by WACOAL aimed to unlock the usual designs of underwear, so we arranged the underwear design contest project under the concept of "Unframed Unseen." This challenging and unseen activities arranged for all underwear designers have been divided into two programs, "Unframed Unseen cup X" (a design contest for chic underwear that can be worn in daily life) and "Unframed Unseen cup Y" (a design contest for extraordinary underwear, that allows customer

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to freely design underwear without rules and limitations.) The underwear design of the winner will be manufactured and put on the market in Thailand.

- **WACOAL PINK RIBBON FIGHT BREAST CANCER**

This project by WACOAL encourages women to check breast cancer, so we will give privileges in the form of a 1,000 Baht voucher of mammography screening and ultrasound programs for those who buy WACOAL products of each 3,000 Baht per receipt. Meanwhile, we will give a voucher for breast x-ray for those who buy WACOAL products of each 6,000 Baht per receipt. Those who have the said voucher can use the medical service at National Cancer Institute, all branches of Bangkok hospital (nationwide) and Samitivej hospital (Srinakarin and Sriracha branches.)

- **ARROW : FABRIC- DESIGN INNOVATION**

“Wrinkle Free Express Shirt” is made of special raw material.

“Cotta Silk Shirt” a perfect combination of natural silk and high quality cotton.

“Twist Wear” is a non-iron collection that helps save energy, so you can be stylish with “twist-wear” collection, which would help reduce global warming effects.

“Eco friendly wear” is a premium-quality shirt to help minimize the impacts of global warming because it is made from special thread of recycled material (plastic bottles.)

- **ARROW : SOCIAL INNOVATION**

Continual participating in Elephant Reintroduction Project, under Royal Initiative of Her Majesty the Queen, by funding the introduction of eight elephants to the wild in 2009, and this year (2010) Arrow has joined hands with Robinson Department Store to help three more elephants return home.

ARROW implemented a charity project “Donate Used Clothes - Help Thai, Help the People of the World” to donate second-hand clothes to disaster victims via many mass media and charitable organizations nationwide.

- **LACOSTE : Social Innovation**

In order to give a donation to the Ramathibodi Foundation, we have launched the LACOSTE T-shirt collections by giving a part of income to build the new Somdech Phra Debaratana building.

- **LACOSTE : New Experience Innovation**

A special footwear design project, Lacoste Legends, brought together 12 collaborators from four fields, such as fashion designers, musicians, printed media editors and stylish shops to design footwear collections based on their imagination.

- **LACOSTE : Creative Innovation**

Li Xiaofeng, a Chinese artist, has designed the latest collection, called Porcelain Polo in the project of LACOSTE HOLIDAY COLLECTOR'S SERIES in 2010. The collection features very exclusive designs which are interesting and come in a limited edition for male and female Lacoste lovers.

## Industries and Competition State

### 1. Cosmetics and Perfumeries Industry

#### - State of Competition

State of Competition can be considered in accordance with following distribution channels :

1. **Counter sale** showed intense competition, with total market value of around 11 billion Baht. During 2010, the cosmetics market via counter sale reported a growth of 4 - 5 percent due to gradual increase in the role of cosmetics in women's daily life which has helped increase the growth of cosmetics market in Thailand continuously. Despite economic and political uncertainties

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during 2010, cosmetics business reported healthy performance, thanks to rapid change in consumer behavior, particularly beauty and health concerns of woman in order to support their good image. Amid sluggish economic situation, the sales of cosmetics were not different from the normal period, but consumers seemed to plan before buying cosmetics products. Nevertheless, the counter sale competitions need adjustment in strategies in order to brace for risks, such as from economic and political uncertainties that have produced some impacts continuously. In 2010, more advertising budgets of counter brand were spent via mass media, such as via television which is the easiest media that can access to the consumers. Due to gradual economic recovery during 2010-year end (a period of higher spending due to many festivals), many brands have spent more on TV commercials. In addition, other media, such as internet, events and sales promotions did not show any significant movements, so TV became the most interesting media for all counter brands in maintaining their market shares, sales and customer base. Then, counter brands need to arrange more frequent and lower-cost activities to spur customers' spending amid tough competitions. Each brand distributed a value set for trial and new buyer attraction. The reasonable price cosmetics can earn satisfactory sales during the period that the customers had to tighten their purse strings. This is also a greater opportunity for cosmetic manufacturer to adopt the concept of "Value Money" as a selling point in order to spur the spending and sales. Besides, the modern technology plays a grater role to enhance the service quality which will help arouse the customers' demand. Many counter brands, thus, have installed the new technology, such as skin analysis machine, so customers can spend only 3-5 minutes to get the result of their skin analysis. This special tool will help create brand reliability and give value-added service to customers, so they will appreciate the worthiness of their spending. Every international brand cosmetic, especially Estee Lauder, Clinique, etc., have expanded their sales promotions upcountry for market expansion. This is in line with a policy among leading department stores, such as Robinson, the Mall and Central, now focusing on branch expansion upcountry, thereby allowing those international brands to roll out their counter services upcountry. Marketing strategies of many counter brands are now changing. They turn to create affection and brand loyalty as well as launching products that can respond customers' demand effectively. Other marketing campaigns were also continuously conducted, including launching a number of new products, offering service to satisfy customers, arranging gift-set products, providing a promotional campaign for premium products and implementing the "Member Get Member" strategy in order to expand the new customer base. The activities engaged in the customer relationship management (CRM) has arranged to help create brand recognition, as well as to strengthen cordial relationship with the existing customers and new customer expansion through cooperation with allied department stores and credit card issuers in launching promotions periodically. These leading brands have to launch their new products continuously to provide more alternatives for customers, enhance their image, and increase sales for the department stores. Aside from total sales records per space, each department store emphasizes image of each brand. Any brand with impressive sales records and positive image or an international brand imported directly by each department store would have some privilege for selecting their sale areas or some extra benefits. Every brand has tried their best to be among the top ten ranking of each department store in order to be eligible for the best location therein, seen as an advantage for contacting with customers. In spite of high competition by all brands to get hold of market share, no brand loyalty is gained. When there are intense promotion by department stores, including distribution of free samples and gift sets, the customers grow into the behavior of no promotion, no purchase. The unavoidable outcome is that the brand loyalty would hardly occur. Chances that the customers will change brands are high.

2. **Discount store** still has high competition with the growth of less than 15% due to the rapidly growing number of branches of the 4 major discount stores : Tesco Lotus, BIG C, Carrefour and Makro, especially in up country. This causes an alert for adjustment to the existing department stores in major provinces. Some of which have been taken over by the discount store or need to lease partial or entire space, succumbing to the power of the larger and newer stores. Price strategy is used especially to

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draw in middle-class customers, who make up the majority of the country and give discount stores a very quick response. Discount stores have tried to upgrade their image to be superior to other rivals in discount store business which face tough price competition causing many discount stores have to stop their business operation. The price dumping has also causes the negotiation power in the stronger hands and led to offensive demand for profit, including implementation of various kinds of activities. Trade partners have been burdened with a more intensified competition leading to higher costs of sales or marketing costs. Business operation of discount stores is in the form of overseas investment with heavy resources, allowing the continuous expansion of branches. Moreover, market expansion has included the convenience store and mini-mart that have spread into communities for the better empowerment in negotiating with their trade partners.

**The result** is that the supplier or trade partner must face conditions that benefit the group of discount stores rather than are beneficial to both parties as in a win-win situation. Since discount stores use the strategy of lowering prices to draw in consumers, the trade partner is left with the burden of demand for higher margins for the chance of sales in that store. To this situation, the Company has the measure to create balance by avoiding price reduction but using other methods such as hand out free gift so that the local shops are not affected. It is also our balanced marketing implemented with trade partners.

If the product sales do not reach the target, the chances are that the sales area will be reduced or removed eventually to give way to other brands or the house brand. Combined with the new retail trade system, for example a product distribution center, the management of shelf space is very fast. Any less-demanded products can be swiftly removed, leaving space for the top three products in the market and the house brand. This caused the trade partners to bear defensively higher costs of sales and promotional activities.

Moreover, the discount store business has to adjust themselves to brace for the more intense enforcement of zoning law. Many proprietors have resized their stores to only 300 - 400 square meters in order to avoid breaking the law, such as opening the Tesco Lotus Express, which is developed from Tesco Lotus. This allows them to establish their branches at anywhere. In the past year, Tesco Lotus adjusted its sale space, by allocating more space for cosmetic shops to fit lifestyles among new generations of people, while boosting their image and sales.

It is expected that the discount store business will continue to grow in line with the domestic economic recovery. The proprietors tends to expand their branch to medium and small-sized provinces where show high purchasing power. The size of new branches seems to be smaller and must be at the nearest possible location to a community. The product discount tends to be the marketing strategy that is always implemented to attract the customers, such as the discount on daily consumer products. This price reduction is likely to be their main policy that were applied as the permanent promotional campaigns rather than being only a seasonal campaigns.

#### - Product Acquisition

In terms of production, currently 90% of all of the Company's cosmetic products are manufactured in the country, mostly by the International Laboratories Corp. Ltd., and S & J International Enterprise Plc., both of which belong to the Saha Group and are under the quality management of ISO 9001. Another 10% of the Company's products are imported. In terms of product development, global sourcing involves the search for ingredient and packaging from all over the world.

#### - Industrial Trend and Future Competition

The cosmetic market still recorded growth by 3 percent, reaching total sales turnover of approximately Baht 33,000 million because it now becomes basic necessity for women. Skincare products, particularly anti-aging products, now top the chart, constituting more than half of the total sale turnover in this segment, due to widespread popularity among buyers. The current market trend also focuses on product image promotion, which will eventually lead to higher sales. The Corporate Social

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Responsibility (CSR) activities have increasingly become a marketing strategy to boost favorable image of the products and company, and it will soon become a global strategy.

In 2010 the customs tariffs of the ASEAN countries shall be scheduled to fall to duty-free status as per the AFTA agreement. The cosmetics are also on the list for liberalization. Thai entrepreneurs hence, should brace for the impacts of this new tariff rate, together with reducing the production cost in order to tackle this new standards. This will combine with the changing behavior of consumers who have less brand loyalty and no attachment to any one brand. This resulted from the frequent promotion campaigns created by each product, including price reduction or giving free premium, making customers growing into the behavior of no promotion, no purchase. Apart from this, customers usually choose across brands to find the product that best suits them. There is also a lack of support from the government in terms of research and development and various technologies for local manufacturers leading them to import technology from foreign countries. Political and economic instability, as well as the global economic slowdown have caused product price in the middle market to move up accordingly. The Company needs to strengthen its stand by continually developing innovations in products and marketing campaigns. Focus has been made in the fields of service, Customer Relation Management (CRM) and value increase for customers through various marketing activities such as new product launch, using celebrities as presenters, and service at counter sales. This is due to the fact that some consumers still pay attention to brand image.

## 2. Lingerie Industry

### - State of Competition

#### 1. Competitive Situation

In 2010, the market turnover of lingerie was around 12 billion Baht, consisting of 6 billion Baht for men underwear and 5-6 billion Baht for women underwear. And growing only 3-4 percent due to economic crisis and other negative factors which has eroded the consumers' purchasing power and changed their spending behaviors. According to the research, it was found that women reduce the purchase volume of their lingerie to 1-2 pieces per month, from 3-4 pieces per month. As a result, there are only three main brands playing an important role to determine the trend of lingerie business competition. These include WACOAL, with a market share of 57 - 58 percent. Meanwhile, the total market shares of all ICC brands were around 65 - 70 percent, followed by TRIUMPH and SABINA with a market share of around 15 percent each. The competition is based on two strategies including innovation and price.

Previously, the innovation is one of strategy that was used to arouse the excitement of competition. It helps create the sales and create value-added service for products and the brand. Besides, the competition on innovation will help avoid the price competition.

Considering on the selling points of each rival, enlarging the perceived breast size is the top quality that manufacturers presented in order to attract the customers, such as WACOAL KISS ME, a push-up brassiere with three different levels and curves of "Miracle Pad" helping develop the breast size particularly cup size A and B. Additionally, an innovative product 'I PUMP PAD' can allow customer to develop their cup size by pumping the pad (they can bring this 'I PUMP PAD' to anywhere and develop their cup size as they wish.) Meanwhile, Triumph has launched 'Maximize Me,' a push-up brassiere with two different levels, while Sabina introduced 'Gossip Bra' a collection of fashion brassiere designed for those who would like to use their brassier as one of outwear which is a trend that is now popular in foreign countries, thus supporting the behavior of new generation who have high confidence in their style.



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Although the innovation has played a vital role to spur the sales growth, the price is still an important factor that influences the consumer's purchasing making decision. Amid this tough economic condition, the mentioned top-three brands have implemented the price strategy to surprise the market and spur the sales, such as WACOAL strategy of "buy 3 pieces, get 15-percent discount," and revision of pricing to increase the sales based on piece.

The competition in lingerie products among traders focuses on activities is concerned with customer responsiveness, as follows:

1. Constant research and development (R&D) to always be aware of the real needs and wants of the customers.
2. Determination in Production giving the innovation of new products in the market creating the differentiation.
3. Planning the distribution of products by using the Quick Response Marketing System (QRMS) to create a system for distribution, which responds to fast changing markets and creates the highest level of consumers' satisfaction.
4. An auto replenishment system has been added by implementing the QRMS system to maximize the benefit and enhance the effectiveness of product management in the store in order to provide sufficient volume of products as per current demand. Meanwhile, this system will help balance the inventories, thus reducing the miss-sales situation.
5. The training of sales staff (Human Resources) always to be concerned with the importance of service to the customers.

The Company also realizes the "value" of innovative creation by each brand in terms of fashion concepts, quality of goods and services, together with image of lingerie products, which would sustain the company's competitiveness in the long run.

### 2. Number and Size of Competitors

The lingerie industry has encountered many obstacles when entering the market. Players who wish to survive must have a full-cycled business, beginning with the importation of raw materials, the production of some raw materials, sewing, and the sale of products. Furthermore, lingerie is a product where consumers are usually rather attached to brands and so building brand awareness is an expensive process. Additionally, sales channels require a middleman, such as a department store or a discount store, which requires strong discussion and negotiation. With these factors in mind, entrance into the women's lingerie market is not at all easy. However, the customer group of ICC seven brands including WACOAL, BSC, BSC SIGNATURE, ELLE, VR, POP LINE and KULLASTRI, can be expanded to cover every target group with different needs, holding more than 60% of the total market share through main distribution channels.

### 3. Status and Potential for Corporate Competition

The Company has strong competitive potential in the ladies' lingerie industry, as it foresees opportunities and the structure of the market as being the distributor of seven brands of lingerie, with each brand being positioned differently to support the market and clearly cover the target group. It is also the distributor of WACOAL, which is a valuable brand leader, a very strong selling point in various negotiations. It has an advantage over other competitors in terms of creating strategic synergy in helping other brands of the Company gain a greater income and fill the market gaps, resulting in maximum benefit to the Company.

#### - Product Acquisition

ICC is currently carrying seven lingerie brands, produced by two major manufacturers:

- 1) Thai Wacoal Plc., manufacturer of WACOAL and POP LINE.
- 2) Pattaya Manufacturing Co.,Ltd., manufacturer of VR, KULLASTRI, BSC, BSC SIGNATURE, ELLE

Suppliers of raw materials for both these companies are Textile Prestige Plc., Thai Takeda Lace Co.,Ltd. and Thai Sakae Lace Co.,Ltd. all three of which belong to the Saha Group with manufacturing standard ISO 9001. Research into and development

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of new materials have consistently been conducted resulting in an advantage over competitors in terms of having a wide range of raw materials and also lower production costs.

#### - Industrial Trend and Future Competition

Although the overall economic condition of our country has been decelerating, there have been many existing and new entrepreneurs entering into the woman lingerie market every year. Due to the women's lingerie products have its own characteristics and consumers' demand tends to vary, the manufacturers have to implement many strategies amid this intensified competition. The imports of lingerie could be conducted easier and there are many new manufacturers producing low-priced products, so these factors has affected the price of lingerie available in the market, particularly middle-and lower-end market where there are lower purchasing power. Meanwhile, the high-end market has focused on creating value-added benefit for products and services by conducting the research and development to invent new innovation in the dimension of raw-material, sewing technique, designs including the upgrading of service quality to maximize customer satisfaction.

ICC, however, have a wide variety of products in different brands, and we have received assistance from producers in managing product costs, quality control and development of innovative products for new distribution opportunity. Women's lifestyles have been changing very rapidly, and they tend to use new lingerie designs that fit their outer clothing well, thus resulting in the more frequent purchases and variable choices. Amid the globalizing era, many of them would try to be in trend, which would be brilliant opportunity for enhancement of the local products to the premium brand level, through innovative creations and development to define some profitable customers for sustainable competitiveness of the Company.

### 3. Men's Wear Industry

#### - State of Competition

In the past year, the expansion of male apparel market contracted up to 2 percent, due to economic fluctuation and political unrests, thus resulting in the changing buying behavior and they tend to be more careful about their spending by focusing on its worthiness. This prompted the producers to adjust their innovation for higher value and continuing communications to buyers in order to seize the higher share in the market. Meanwhile, continual CSR activities are also of interest among buyers, now being another influential factor for buyer's decision. These cannot be overlooked by producers.

Besides, most producers have focused on pricing strategies to increase their sales volumes, and minimizing their products in stocks, but rarely conducted new marketing campaigns. Many of them have to develop their production efficiency to achieve lower costs, and to ensure flexibility in management for higher competitiveness. In addition, they have to set aside budget for marketing activities for competitive advantages in the long run.

As far as the state of competition is concerned, some advantages still prevail. They are:

1. The Company's men's wear has created a wide range of product lines (portfolio) which can cover the whole target market in many various segments, resulting in wide distribution and a strong market share as well as the balance of negotiating power in distribution.
2. The Company's products are well-known and well-accepted for their high reputation and quality.
3. The Company's products have undergone development and it has successfully and consistently launched innovations into the market owing to support from major suppliers (belonging to the Group). There is an expansion of factories to cater for this growth, from the thread-spinning factory, dyeing factory, cloth decoration factory to ready-made shirts manufacturing factories, to support the Company in its potential to create a constantly growing market share.



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4. The Company has strong personnel with good habits of thought and the determination to achieve the corporate targets and they are consistently ready to learn and improve.

#### - Product Acquisition

The Company has acquired products from 6 major suppliers, namely:

1. Thanulux Plc., manufacturer of shirts, T-shirts, suits, bags and leather goods.
2. People's Garment Plc., manufacturer of T-shirts and trousers.
3. Champ Ace Co.Ltd., manufacturer of undergarments and bags.
4. Thai Itokin Co.Ltd., manufacturer of shirts, T-shirts and trousers
5. Bangkok Nylon Plc., manufacturer of socks
6. Bangkok Tokyo Socks Co.Ltd., manufacturer of socks

Manufacturing technology is medium-ranged, with a fair number of workers and the modern use of automated machinery for higher production efficiency.

Moreover, the manufacturing group has established factories within the BOI-promoted Industrial area (Zone 3), resulting in a decisive advantage in production costs.

#### - Industrial Trend and Future Competition

The industrial situation seems to improve, amid higher market competition due to the export growing at lower rate resulting from strong baht value. Higher competition is foreseeable for the middle and low-end segments, amid greater influx of cheap products from China. Competitive advantages in market differentiation through development of innovative products with quick response marketing activities, as well as focusing on worth of money products will continually attract customers interest, instead of using only pricing strategy as other rivals do.

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#### 4. Conglomerate Structure

- The Company has no subsidiary company, but acquiring two affiliated companies. They are :
  - Thai Itokin Co.,Ltd. Manufacturing and distributing ladies' wear
  - Worldclass Rent a Car Co.,Ltd. To conduct car rent business
- Shareowning in the company that may have conflicts of interest per notes of investment in related companies on page 224 - 231 of this Annual Report
- Information about related and affiliated companies that operate the similar or related business and cross-shareowning as of December 31, 2010 is as following:

	Name of companies	Shares held by ICC (%)	The company's shares held in ICC (%)	Similar or related business	Cross-Shareowning	affiliated companies
1.	Saha Pathana Inter-holding Plc.	9.38	22.10	-	✓	-
2.	Sahapathanapibul Plc.	10.54	8.47	✓	✓	-
3.	Thai Wacoal Plc.	4.77	3.69	✓	✓	-
4.	Thanulux Plc.	10.26	3.33	✓	✓	-
5.	O.C.C. Plc.	19.73	0.55	✓	✓	-
6.	S & J International Enterprises Plc.	14.62	0.35	✓	✓	-
7.	Textile Prestige Plc.	10.43	0.44	✓	✓	-
8.	People's Garment Plc.	5.25	0.12	✓	✓	-
9.	First United Industry Co.,Ltd.	9.12	0.35	-	✓	-
10.	I.D.F. Co.,Ltd.	9.00	9.41	-	✓	-
11.	Tiger Distribution & Logistics Co.,Ltd.	19.90	0.39	✓	✓	-
12.	International Laboratories Co.,Ltd.	19.56	1.10	✓	✓	-
13.	Thai Arusu Co.,Ltd.	4.17	0.03	-	✓	-
14.	Pattaya Manufacturing Co.,Ltd.	5.33	0.14	✓	✓	-
15.	Lion Corporation (Thailand) Co.,Ltd.	12.00	0.07	✓	✓	-
16.	Kai I.T. Service Co.,Ltd.	10.00	0.005	-	✓	-
17.	Thai Itokin Co.,Ltd.	27.90	-	✓	-	✓
18.	Worldclass Rent a Car Co.,Ltd	25.00	-	-	-	✓

Remark : The Company has adopted the cross Shareowning structure which is not contrary to the No. 14 of the Notification of Capital Market Supervisory Board No. TorChor 28/2551, Re: Application for and Approval of Offer for Sale of Newly Issued Shares.