

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, 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, new cosmetics in Korea trend were introduced, with combination of BB (Blemish Balm). BSC COSMETOLOGY launched BSC WHITE PINK BB for a pink-white face. In 2012, more varieties of product lines were added. SHEENÉ, for instance, introduced "SHEENÉ make up collection" to seize the bigger market share and boost the sales volume, BSC COSMETOLOGY emphasized the strategies to take a lead in the colorful cosmetic market and to promote product image as an international cosmetic brand in the market.

- Lingerie Industry

The Company shows relatively high performance in lingerie market and now carries seven brands of lingerie, which include WACOAL, BSC, BSC SIGNATURE, ELLE, VR, POP LINE and 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 GUY LAROCHE, DAKS, ELLE HOMME, LACOSTE, GETAWAY, BSC JEAN, 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 2012

• BSC COSMETOLOGY

Founded : October 2005

BSC COSMETOLOGY : Korean Cosmetics trend is now very popular in the market. Most of them reported continuous growth in sales and the very good feedback from the buyers. BSC COSMETOLOGY presented a new marketing concept as "Adorned By The Most Beautiful Women In The World", by having Miss Universe 2005 Natalie Glebova as the Brand Ambassador to promote the concept and brand image of BSC COSMETOLOGY as an international cosmetic brand with the marketing concept to be well known as the colorful cosmetics for the makeup product. As for the skincare products, its skincare segment introduces a world-class innovation for skin brightening - "BSC Expert White Vit-C Concentrate Serum", filled with extraction of Vitamin C Concentrate that can brighten your skin within 14 days. This product will be promoted via leading magazines.

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- **SHEENÉ** : ICC has expanded a customer base of SHEENÉ to strengthen the brand and gain more market share, focusing on marketing communications in the makeup market segment. SHEENÉ collections cover all types of colorful makeup, as well as eye-liner and mascara products. Five cheerleaders from leading universities have been selected for advertising, namely Khun Sirapha Kanchanasupawong (Bua), Khun Jiranan Traipitayakorn (Luk Tan), Khun Najsha Sutjit (Peach), Khun Rutairat Songthamjitti (Pooppap) and Khun Supawadee Siruekwiphas (Noon). SHEENÉ ad aims at expanding its customer base and product variety in order to gain the higher market shares. Aside from marketing activities for its makeup line, by mid 2012, SHEENÉ launched marketing campaigns for its cake powder foundation to reaffirm its top market leader in the oil-control cake powder foundation segment. It launched SHEENÉ Oil Free Whitening with AA2G innovation to release Vitamin C for skin whitening and stop production of melanin—a main cause for darkened skin. Khun Pimnapa Jittathirrote (Kaem Bum), a famous star from Poly Plus Film, has been recruited as a presenter of oil-free cake powder, which has been on top in the Thai women mind for many years.
- **Opening of National Breast Cancer Center at Thailand's National Breast Cancer Institute**
Wacoal Product has introduced the "Princess Collection" project for sales of women lingerie in a special collection, designed by Her Royal Highness Princess Sirivannavari Nariratana in order to raise funds for the construction of the National Breast Cancer Center at the National Cancer Institute of Thailand. On February 17, 2012, Her Royal Highness Princess Sirivannavari Nariratana graciously presided over the opening ceremony of the National Breast Cancer Center. The National Breast Cancer Center aims to provide complete treatment service for women, suffering from breast cancer, including those transferred from other hospitals all over the country. It also serves as a resource and training center for breast cancer specialist in Thailand.
- **WACOAL PINK-RIBBON fight against breast cancer "The Love Project"**
Regarding the successful campaign to encourage the Thai women to realize and understand proper ways to prevent themselves from breast cancer, and to provide proper assistance for those suffering from the breast cancer. ICC, in cooperation with Robinson Department store, launched a charity project "The Wacoal Pink-Ribbon to Fight against Breast Cancer" project since 2010. In 2012, the third year, a special event was organized under a campaign "The Love Project (Sharing Love)" by designing the new limited edition collection of brassiere. Part of the sales of this collection amounting 1,000,000 Baht was donated to the National Cancer Foundation, for breast cancer treatment among needy patients.
- **WACOAL PINK-RIBBON : Giving Everlastingly**
Wacoal, in cooperation with Ramathibodi Hospital Foundation, under Royal Patronage of Her Royal Highness Princess Sirindhorn, has launched a project, entitled "Wacoal Pink Bowl-Giving Everlastingly", in order to raise funds through sales of Wacoal products and to encourage all buyers to donate funds for the underprivileged patients of Ramathibodi Hospital Foundation. The Ramathibodi Hospital Foundation has extended helps to more than 10,000 underprivileged and poor patients since 1994 through a Social Welfare Unit of Ramathibodi School of Medicine.
The "Wacoal Pink Ribbon-Giving Everlastingly" invites all Thai women to participate in the fundraising activity to help the patients lacking enough funding for treatments. Their generosity will bolster their hopes, eliminate suffering and give a new life for poor patients of Ramathibodi Hospital. Last year, Wacoal donated a sum of 2,500,000 Baht to the Ramathibodi Foundation to support this project.
- **WACOAL PINK-RIBBON fight against breast cancer**
Wacoal Cares Your Breasts. Mammogram Saves Your Life.
Modern medicines consider mammogram the most efficient program to detect breast cancer. The Wacoal Pink Ribbon project aims to urge Thai women to increasingly undergo the Mammogram treatment, by providing a privilege to buyers of Wacoal products of 6,000 Baht per each sales slip to receive one Mammogram treatment for free. They can also participate in a merit making through the purchase of Wacoal products, as part of sales will be donated to the Breast Cancer Fighting Fund for any purchase to raise funds through sales of Wacoal brassiere for breast cancer treatment among the poor patients, during August-December 2012. The eligible customers can get the free Mammogram service at the National Cancer Institute, Regional Cancer Centers, Bangkok Hospital Chain and Samitivej Hospital Chain (only at Srinakharin and Sriracha branches). The participated hospitals were more than 19 leading hospitals nationwide.

- **ARROW : FABRIC-DESIGN INNOVATION**

“Wrinkle Free Express Shirt” is made of special material which easy to iron and difficult to get wrinkles.

“Cotta zilk Shirt” is 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.

“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**

“ARROW asks for Unused Shirts for Flood Victims” is a project to persuade the public to donate unused clothes for flood victims through ARROW which has been implemented in continuation from 2010. ARROW then donates all clothes to the media and relevant charity organizations nationwide.

- **ARROW Handsome 2012 Contest Project**

Arrow organized a competition in search of handsome men, with high capability and positive attitude as the inspiring front-liners for the Thai teenagers, with readiness to enter entertainment business. The contest was organized under a concept of “Style Legend”, to reflect legendary looks, personalities and capabilities, being ready to go through various activities in reality online programs. Handsome guys all over the country participated in this event.

- **LACOSTE : SOCIAL INNOVATION**

LACOSTE supports sport activities for the handicapped, by sponsoring Wheel Chair Tennis Competition BANGKOK CUP 2012, organized by the Wheel Chair Tennis Association of Thailand, during July 18-20, 2012. LACOSTE has always contributed to different social welfare activities.

- **LACOSTE : NEW CREATION**

LACOSTE Flag welcomes the largest sport event of mankind-the Olympic games by applying the flag of each nation on its crocodile logo and polo shirt, including handbags and shoes, showing its continuous efforts to bring a global theme for design to its products.

- **LACOSTE : CREATIVE INNOVATION**

LACOSTE introduces new design innovations by combining knit fabric with silk to meet demand of modern women for outfits in all occasions, casual, office and party.

- **MINERAL WATER : MAI CHAROENPURA**

The marketing began in October 2011. It is a 100% mineral water from underground hot spring at the mountaintop in Phop Phra district, Tak province. The hot spring is found of over 10,000 feet under the ground, very close to the geothermal power in the inner structure of the earth. The geothermal power will vaporize underground water until it permeates through mineral layers and comes up as hot spring above the ground. It contains many types of minerals that benefit human body. This is a new product that target on the health-concern consumers, by recruiting a famous songstress - MAI CHAROENPURA as a presenter, and brand awareness has been created through the mass media for quicker realization among target buyers. Throughout 2012, MAI CHAROENPURA Mineral Water emphasized expansion in distribution channels in order to achieve the higher sale turnover.

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** The cosmetic market is in high competition, due to the continuing entries of new brands in the market.

The market grows continuously every year, The intense market competition continued, in line with a higher number of players in the market whereas brand loyalty was tending to drop despite the outbreaks of economic and political crises in 2012, thanks to the

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expansion of the discount and convenience stores which have become easily accessible for buyers. A more proactive marketing approach has been adopted to the consumer base expansion of each brand. Counter brand cosmetics used the Integrated Marketing Communication tools for arrangement of promotions, advertising and new product launch, including other activities and expansion of channels tailored for particular groups of customers. In 2012, counter brand cosmetics spent more advertising budgets on televisions, theatres, internet and department stores, seen as the fast growing media. BSC COSMETOLOGY and SHEENE´ also used more advertisement in theatres, internet and department stores which can bring the higher attention and exposures to the consumers which will help maintain sales volume and expand new consumer base. Counter sales brands have adopted different marketing strategies and organized more activities to promote sales, as seen in higher frequencies and provision of product gift sets at reasonable prices to stimulate the sales. Each brand has launched Value Sets for trial usage and attracting new buyers. Modern technology plays a greater role in sales promotions in order to get more intention from buyers. Most counter brands increasingly use modern technology to promote sales especially skin testing devices. It takes approximately 3-5 minutes for the skin diagnosis. New technology enhances reliability of each brand, which will justify if it is worthwhile to purchase. One of the current strategies adopted by most counter brands is to promote love and loyalty among buyers at all times and the products must well respond to their needs, adding up together with other marketing activities and development of new products to boost the sales.

ICC Cosmetic and Perfumeries Division emphasized on the consumer research and product development that aim to meet the consumer needs of products that enhance beauty and personality, including new technology to entail the necessity for use of the product and to show the final results to the consumers. Especially, BSC COSMETOLOGY and SHEENE´ have successfully retained their market leader status of foundation powder continuously.

For the skincare category, BSC COSMETOLOGY introduced a world-class innovation for skin brightening “BSC Expert White Vit-C Concentrate Serum” which contains extraction of Vitamin C Concentrate that can brighten your skin within 14 days.

SHEENE´ has expanded a new customer base, in addition to SHEENE´ oil free which has been on top of mind among buyers, to other makeup product line, i.e. lipsticks, mascara and eye-liners. It also aims to be the top chart of colorful makeups in the future.

2. Discount Store since the big transition in discount store industry when CARREFOUR announced sale of its business, and the CASINO Group was the winner to take over CARREFOUR business. The CASINO Group is a majority shareowner of the BIG C Supercenter Public Company Limited, thus immediately enabling BIG C to the top chart in discount store business. The mentioned business takeover led to higher competition among discount stores because there are only BIG C and TESCO LOTUS as the main two players in the market. The consumers still enjoy the highest benefits from the competition because discount store operators are trying hard to maintain their corporate image in the industry. Most of them have engaged in a fiercely price war that has driven small players be kicked out of the market. Trying to keep the prices below the market level, both have controlled negotiation powers with suppliers, thus leading to request for proactive profit sharing and other strategies that shift both selling and marketing costs to trade partners. Both discount stores are operated by multinational corporations, with solid capital status, that contribute to continuous expansion of branches, especially convenience stores and compact supermarkets in communities in order to gain higher negotiation powers with suppliers. Discount store business line continued to expand partnerships for bill payment services with more than 70 suppliers, and more will be included for thorough coverage. These will be marketing tools to attract customers, in line with the changing consumer behaviors focusing on convenience for one-stop shopping and services. Aside from bill payment, the discount store looked for other types of partners, especially Thai Ticket Major for sales of bus ticket and admission ticket for concerts, as well as postal service, etc. It also launched some marketing campaigns in parallel with sales of goods, such as pay bills, and get discount coupons. These are under a full marketing approach to ensure greater efficiency in marketing communications. Then, the discount store plans to launch a full shopping online to cope with the intense market competition and changing consumer behaviors.

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.

It is expected that the discount store business will continue to grow in line with the domestic economic recovery. The proprietors tend 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 4 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 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.

2. Lingerie Industry

- State of Competition

1. Competitive Situation

Currently, women buy 10-12 pieces of lingerie each year and they tend to buy more thanks to the product development to be more fashionable rather than just necessary item. Women lingerie is also designed for all occasions. The market turnover for women lingerie grossed at 12,000 Million Baht on average, comprising a 10-percent share for the premium segment, with an average sale price of 900 Baht, a 40-percent share for the middle segment, with an average sale price of 300-900 Baht, and a 50-percent share for the low-end segment, with an average sale price of 39-300 Baht. Wacoal has been seen as the most active product and being regarded as the top women lingerie in the market.

Last year, Wacoal held a market share for more than 57 percent of Thailand's women lingerie market. Total market turnover of 6,000 Million was achieved through sales in department stores. One of the most interesting movement involved market expansion by Wacoal to the teen customer segment. Its market penetration plan will emphasize investment for production capacity expansion and the more intensive marketing plan. The fifth production plant of Wacoal has been established at Mae Sot district, Tak province. Other four production plants are at Sathu Pradit, Kabin Buri, Sri Racha and Lamphun. Wacoal anticipates an average growth rate for its sale turnover of 15-20 percent, equivalent to 3,000 Million, including market penetration into Myanmar.

In 2012, WACOAL developed the new distribution channels in consistence with each target group of buyers. A new look of WACOAL shops will provide more variety of products that meet the different needs and lifestyles of target buyers, not adhering to only one style. The budget costs approximately 150-200 Million Baht that will be used for the development of new WACOAL outlets when retail business has regained its growth dynamism. In addition, the company has adjusted production lines of all WACOAL products, starting from adjustment in the product management lines, from product classification by ages to product classification by lifestyles. Each segment will focus on product development that fit lifestyle of each group, including the development of subsets in each segment. Also, Wacoal still remains the brand awareness as an international brand which its products meet all segments of customers' needs.

In the past recent years, "innovation" has been a key factor that adds up the fuels to the competition. Besides the higher sales turnovers, innovation will add more value to the products and brand in order to avoid the price war.

Currently, most competitors adopted new strategies for the smaller cup size women. The Wacoal BOOST UP collection emphasizes a concept of breast boosting for smaller cup size women, under Boost Up and Gel Molds technology. It is a new bra

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with boosting gels for natural looks. Sabina is the second brand in the market, holding an average market share of 16 percent. It also emphasized sales of bra for smaller cup size women, by introducing the Doom Series for smaller cup women, aged between 19-35 years old, which will be continued this year, with a famous star-Cris Horwang, as its presenter.

Although innovation has become a main engine of growth, pricing remains a primary factor that influences purchase decisions among buyers. Amid the current economic situation, the top 3 brands have used pricing strategies to surprise the market and stimulate sales. For example, WACOAL also adjusted the prices on both ways, upward and downward, by cutting the price by 10 percent in the basic category, which is the largest sub-segment of WACOAL, now constituting a share of over 30 percent. More online channels will be added and marketing strategies will be conducted in 3 approaches.

1. Advertising of new products to create market recognition and promote sales on online media, such as Sanook and Ensogo, etc.;
2. Promotion of sales via online channels and creation of partnership with online suppliers to provide the full range of cups and sizes to serve the customer demands and solve the problem of missing cup and size at the counter.
3. Sales of products in aging stocks under special promotions to stimulate higher sales, which will reduce product in the inventories.

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 Public Co., Ltd., 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 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-end, 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 2012, the men wears market reported growth of only 9 percent, and slowed down in the second and third quarters. When the government announced the minimum wage increase, consumers lacked of confidence and worried that cost of living will shoot up, thus causing the slowdown in sales and being more prudent in their spending. 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 emphasized on the discount, redemption, giveaways and distribution of premium goods to stimulate sales 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.
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.

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- 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 overall industry tended to improve. Consumers have paid greater attention to their outfits. Market competition will rise, due to emergence of foreign rivals and a greater influx of cheap products from China. The competitors need to be differentiative in marketing strategy by adopting new innovative marketing activities with quick response, attractive and consistent methods. This approach will play an important role in order to gain the competitiveness in the future.

4. Conglomerate Structure

1. The Company has no subsidiary company, but acquiring five affiliated companies. Namely:
 - 1.1 Thai Itokin Co., Ltd. : manufacturing and distributing ladies' wear
 - 1.2 Worldclass Rent a Car Co., Ltd. : operating car rental business
 - 1.3 International Leather Fashion Co., Ltd. : manufacturing genuine and artificial fashion leather goods
 - 1.4 Issara United Co., Ltd. : properties development
 - 1.5 Boon Capitalholding Co., Ltd. : operating investment business
2. Shareowning in the company that may have conflicts of interest per notes of investment in related companies on page 132-136 of this Annual Report
3. Information about related and affiliated companies that operate the similar or related business and cross-shareowning as of December 31, 2012 is as following:

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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.	9.72	22.10	-	✓	-
2. Sahapathanapibul Plc.	10.56	8.51	✓	✓	-
3. Thai Wacoal Plc.	4.93	3.80	✓	✓	-
4. Thanulux Plc.	10.26	3.44	✓	✓	-
5. O.C.C. Plc.	19.73	0.55	✓	✓	-
6. S & J International Enterprises Plc.	14.61	0.35	✓	✓	-
7. Textile Prestige Plc.	10.43	0.44	✓	✓	-
8. People's Garment Plc.	5.25	0.12	✓	✓	-
9. Far East DDB Plc.	10.64	0.29	-	✓	-
10. First United Industry Co., Ltd.	9.12	0.35	-	✓	-
11. I.D.F. Co., Ltd.	9.00	9.45	-	✓	-
12. Tiger Distribution & Logistics Co., Ltd.	19.90	0.39	✓	✓	-
13. International Laboratories Corp., Ltd.	19.56	1.10	✓	✓	-
14. Thai Arusu Co., Ltd.	4.17	0.03	-	✓	-
15. Pattaya Manufacturing Co., Ltd.	5.33	0.14	✓	✓	-
16. Lion Corporation (Thailand) Co., Ltd.	12.00	0.07	✓	✓	-
17. Kai I.T. Service Co., Ltd.	10.00	0.005	-	✓	-
18. Thai Itokin Co., Ltd.	27.90	-	✓	-	✓
19. Worldclass Rent a Car Co., Ltd	25.00	-	-	-	✓
20. International Leather Fashion Co., Ltd.	28.00	-	✓	-	✓
21. Issara United Co., Ltd.	25.00	-	-	-	✓
22. Boon Capitalholding Co., Ltd.	32.00	-	-	-	✓

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. 