

**The opinions of the Independent Financial Advisor
on the connected transaction**

by



Thai Wacoal Public Company Limited

Presented to

Shareholders of Thai Wacoal Public Company Limited

Prepared by



8 March 2019

This English report of the Independent Financial Advisor's Opinions has been prepared solely for the convenience of foreign shareholders of Thai Wacoal Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

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Glossary	Name
The Company or WACOAL	Thai Wacoal Public Company Limited
The Group	Thai Wacoal Public Company Limited and its subsidiaries
SPI	Saha Pathana Inter-Holding Public Company Limited
the land with notice of offer to purchase	plot of the Company's land comprised of 4 title deeds, totaling an area of 6-0-66.4 rais located on Rama III Road, Alley 47, Bangpongpan Sub-district, Yannawa District, Bangkok
the land for development of the new office building	plot of the Company's land comprised of 5 title deeds, totaling an area of 5-0-22.6 rais, located on Rama III Road, Alley 23, Bangklo Sub-district, Bangkorlaem District, Bangkok
SASCO	Siam Appraisal and Service Company Limited
BKKPA	Bangkok Property Appraisal Company Limited
Independent Financial Advisor or IFA	Jay Capital Advisory Company Limited
SET	The Stock Exchange of Thailand
SEC	The Securities and Exchange Commission
Notification of the Acquisition or Disposition	Notification of Capital Market Supervisory Board TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Asset, 2004 (as amended).
Notifications on Connected Transactions	The Notification of Capital Supervisory Board, Tor. Chor. 21/2008 Re: Rules on Connected Transactions dated August 31, 2008 and its amendments, as well as the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and the Acts of Listed Companies concerning Connected Transaction B.E. 2546 (2003) dated November 19, 2003 and its amendments

8 March 2019

To: The Shareholders
Thai Wacoal Public Company Limited

Re: Independent Financial Advisor Report on the Connected Transaction

The Board of Directors' Meeting of Thai Wacoal Public Company Limited ("the Company" or "WACOAL") no. 8/2018 on March 6, 2019 has approved a resolution to propose to annual general meeting for the year 2019 on April 22, 2019 at 3.00 p.m. at Chaophraya 2 meeting room Montien Riverside Hotel to the Company's for consideration to approve entering into disposition transaction of the company's land to Saha Pathana Inter-Holding Public Company Limited ("SPI"), who is a connected party to the Company, which is comprised of 4 title deeds, totaling an area of 6-0-66.4 rais located on Rama III Road, Alley 4 7, Bangpongpan Sub-district, Yannawa District, Bangkok ("the land with notice of offer to purchase") with total areas of 6 rais 66.40 square wah (2,466.40 square wah) at the purchase price of THB 375,0000 per square wah or total amount of THB 924,900,000.

The disposition of the land with notice of offer to purchase has transaction value of THB 924.90 million which is the price from negotiation of the buyer and seller. However, the transaction is considered as the disposition transaction according to the Notification of the Acquisition or Disposition which have transaction size equal to 12.81% of total assets of The Group as of December 31, 2018 as calculated from Total Value of Consideration Basis. As the transaction size is less than 15%, the transaction can be approved by the Company's Board of Directors and the Company is not required to disclose the information to SET and is not required to be approved by the Company's shareholders.

However, as SPI, who is the transaction's offeror, is a major shareholder of the Company. As of December 31, 2018, SPI directly and indirectly owned 25.91% of the total issued and paid-up shares of the Company. Furthermore, the Company and SPI has 2 common directors. Hence, SPI is considered as a connected party of the Company according to Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003 (Bor.Jor./Por.22-01) and entering into the transaction is considered as connected party transaction according to The Notification of Capital Supervisory Board, Tor. Chor. 21/2008 Re: Rules on Connected Transactions dated August 31, 2008 and its amendments, as well as the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and the Acts of Listed Companies concerning Connected Transaction B.E. 2546 (2003) dated November 19, 2003 and its amendments (collectively, the "Notifications on Connected Transactions"). The transaction size is equivalent to 16.06% of the net tangible assets (NTA) of the Group as of December 31, 2018 which is greater than 3.00% of the net tangible assets (NTA) and, hence, has to be approved from the Company's shareholders.

As a result, the company is required to disclose information memorandum pertaining to the transaction to the Stock Exchange of Thailand, together with appointing an Independent Financial Advisor (IFA) to give opinion on entering into such transaction, as well as to seek an approval for entering into such transaction from the shareholders' meeting with votes of not less than three-fourth of total number of the shareholders present at the meeting and having voting rights, excluding the votes of shareholders having an interest in the matter.

In this regard, The Board of Directors' meeting of the Company no. 7/2018 on February 21, 2019 has appoints Jay Capital Advisory Limited to be the Independent Financial Advisor ("independent financial advisor" or "the IFA") in order to give opinion on entering into such transaction.

This IFA report was prepared based on the information gathered from interviews with the Company's management, documents provided by the Company, publicly available information as well as the IFA's assessment of current economic conditions. Any significant changes to this information in the future may alter the IFA's opinion on the transaction accordingly. Information and documents used in preparing this report included but are not limited to the following:

- The Resolution of the Company's Board of Director's meetings relating to the transaction
- Information Memorandum on the connected transaction prepared by the Company
- Information of the transaction which is disclosed through the information service system of the SET and/or website and/or public
- The Company's Information disclosure (Form 56-1) and Annual Report for the year 2017
- The Company's audited financial statements for the year ended 31 December 2016 – 2018
- The appraisal reports on assets related to entering transaction by the independent appraisers
- Agreements related to the Proposed Transaction
- Information from interviews with the Company's managements
- Information and documents obtained from the Company

In addition, the IFA's opinion was based on the following assumptions:

- All information and documents provided by the Company and the interviews with management were valid and true. The opinion obtained was credible and close to the current situation.
- No past events or imminent events or impending events would create significant negative impacts on the Company's and the land with notice of offer of purchase.

The IFA has prepared this report on 8 March 2019 and hereby certified that we have studied, analyzed and prudently performed our duties as an Independent Financial Advisor, complying with the generally accepted professional standard and rendered our opinion based on the unbiased analysis with regards to the best benefit of the shareholders. However, it is important to note that the IFA's opinions are based on the information and documents received from the Company and other publicly available information. The IFA assumes that such information is accurate and reliable at the time the IFA prepared this opinion report. However, if such information is found to be inaccurate and/or incomplete and/or unreliable and/or have any significant changes in the future, the opinion provided by the IFA may differ accordingly. As a result, the IFA is unable to be held responsible for any adverse impacts on the Company and its shareholders resulting from the transaction. In addition, the objective of this report is merely to provide an opinion on the transaction to the Company's shareholders only. Notwithstanding, the decision to vote is the sole discretion of the shareholders, which shall include the consideration of advantages, disadvantages, and risk associated with the transaction as well as consideration of the attached documents submitted to the shareholders along with the invitation letter so as to make the most appropriate decision. In this regard, the opinion of the IFA does not certify the success of the Proposed Transaction as well as the possible impacts to the Company and/or to the Company's shareholders. The IFA does not hold any responsibilities for the impacts that might arise from such transaction both directly and indirectly.

The IFA has considered the reasonableness of the transactions in detail described as follows:

Executive summary

Whereas the Company has received an offering from SPI, the major shareholder and related persons of the Company, offering to purchase vacant plots of land owned by the Company consisting of land in 4 title deeds totaling an area of 6-0-66.4 rais situated on Rama III Road, Alley 47, Bangpongpan Sub-district, Yannawa District, Bangkok (“the land with notice of offer to purchase”) at the price of THB 924.90 million.

Whereas the Company desires to sell the land with notice of offer to purchase in order to use the acquired cash to develop its new office building on another plot of the Company’s land, situated on Rama III Road, Alley 23, Bangklo Sub-district, Bangkorlaem District, Bangkok (“the land for development of the new office building”) for the purpose of expanding the Company’s office space, which is closer to the current location of the Company’s Office compared to the land with notice of offer to purchase.

However, as SPI, who is the transaction's offeror, is a major shareholder of the Company. As of December 31, 2018, SPI directly and indirectly owned 25.91% of the total issued and paid-up shares of the Company. Furthermore, both companies has 2 common directors who are Mr. Manu Leelanuwatana and Mrs. Punnee Worawuthichongsathit. Hence, SPI is considered as a connected party of the Company according to Notifications on Connected Transactions. The transaction size is equivalent to 16.06% of the net tangible assets (NTA) of the Group as of December 31, 2018 which is greater than 3.00% of the net tangible assets (NTA) and, hence, has to be approved from the Company’s shareholders.

Hence, the Company has to seek an approval for entering into such transaction from the shareholders’ meeting with votes of not less than three-fourth of total number of the shareholders present at the meeting and having voting rights, excluding the votes of shareholders having an interest in the matter. Also, the Company has to appoint an Independent Financial Advisor (IFA) to opine on the reasonableness of the transaction as well as the fairness of the transaction price and conditions to the shareholders of the Company.

From the analysis by the IFA of the reasonableness of the transaction, as well as fairness of price and conditions pertaining to the disposition of the Company’s land to SPI, the IFA is of the opinion that the transaction of the Company’s land **is appropriate** due to the following reasons:

1. It provides an opportunity for the Company to be able to dispose of its unutilized assets which is not generating any benefit to its business operations and which the Company has no plan to develop or use in the future. Moreover, the asset to be sold is land which it is large and requires a great deal of capital in trading and, thus, is difficult to sell.
2. The Company will be able to recognize profit from the sale of this asset in the amount of THB 309.45 million or a net profit from the sale after deduction of fees and expenses totaling THB 219.10 million.
3. The Company will receive net cash from the sale of this asset, after deduction of fees and expenses, equivalent to THB 834.55 million, which can be used for other projects, including the company's project to construct a new corporate office building in order to expand its office space which will be developed on another plot of land with a total area of 5-0-22.6 rais situated on Rama 3 Road, Alley 23, Bangklo Sub-district, Bangkoraem District of Bangkok, which is in closer proximity to the Company’s current office, compared to the land with notice of offer to purchase.
4. The transaction price of THB 924.90 million is within the appropriate price range as evaluated using the Adjusted Book Value Approach, which is equivalent to THB 912.57 – 937.23 million (Details of the IFA’s appraisal of the appropriate price range are presented in Section 1, Clause 1.3.1 of this report.)
5. The terms and conditions of the draft Sale and Purchase Agreement, as is generally used in the sale and purchase of real estate, allow the purchaser and the seller to reach agreement in many ways on such issues on a voluntary basis to the satisfaction of both parties.

However, entering into this transaction has a number of **disadvantages and risks** which shareholders should additionally consider in respect to resolving to approve this transaction due to the following:

1. Disposal of this land with notice of offer to purchase will result in lost opportunity to sell the land at a higher price in future as the price of land tends to rise. Nevertheless, the land is large and requires a lot of capital to trade, the Company would probably require a longer period of time as well as greater financial resources to find an interested investor in the future.
2. Disposal of this land with notice of offer to purchase will result in loss opportunity for the Company to develop future projects on this land. However, the Company has no plan to develop or use such property. Furthermore, the cashflow from disposition of the land can be used for developing a new corporate office building in order to expand its office space which is located in the proximity to the Company's current office

In this regards, when considering the benefits that the Company may obtain from entering into the transaction, the risks that may arise, the appropriateness of the transaction price and conditions as mentioned above, the IFA views that the transaction is appropriate. Therefore, the shareholders should **approve** the disposition of the land to SPI who is connected party.

Part 1 Request for approval to sell land to Saha Pathana Inter-Holding Plc.

1.1 Characteristics and Details of Transaction

Whereas the Company has received an offering from SPI, the major shareholder and related persons of the Company, offering to purchase vacant plots of land owned by the Company consisting of land in 4 title deeds totaling an area of 6-0-66.4 rais situated on Rama III Road, Alley 47, Bangpongpan Sub-district, Yannawa District, Bangkok (“the land with notice of offer to purchase”) at the price of THB 924.90 million.

Map showing Location of the Land with Notice of Offer to Purchase



Image showing Location of the Land with Notice of Offer to Purchase



The opinions of the Independent Financial Advisor on the connected transaction
(For the purpose of translation only)

Whereas the Company desires to sell the land with notice of offer to purchase in order to use the acquired cash to develop its new office building on another plot of the Company's land, totaling an area of 5-0-22.6 rais, situated on Rama III Road, Alley 23, Bangklo Sub-district, Bangkorklaem District, Bangkok ("the land for development of the new office building") for the purpose of expanding the Company's office space, which is closer to the current location of the Company's Office compared to the land with notice of offer to purchase.

Image showing Location of the Land for Development of the New Office Building and the Current Corporate Office



Image showing Location of the Land with Notice of Offer to Purchase, Location of the Land for Development of the New Office Building and the Company's current Office



The Board of Directors of WACOAL in its Meeting no. 8/2561 held on March 6, 2019 has approved a resolution to propose to annual general meeting for the year 2019 on April 22, 2019.

1.1.1 Type and size of the transaction

The disposition of the land with notice of offer to purchase has transaction value of THB 924.90 million which will be paid in cash and it is the price from negotiation of the buyer and seller. However, the transaction is considered as the disposition transaction according to the Notification of the Acquisition or Disposition which have transaction size equal to 12.81% of total assets of The Group as of December 31, 2018 as calculated from Total Value of Consideration Basis. As the transaction size is less than 15%, the transaction can be approved by the Company's Board of Directors and the Company is not required to disclose the information to SET and is not required to be approved by the Company's shareholders.

However, as SPI, who is the transaction's offeror, is the major shareholder of the Company. As of December 31, 2018, SPI directly and indirectly owned 25.91% of the total issued and paid-up shares of the Company. Furthermore, both companies has 2 common directors who are Mr. Manu Leelanuwatana and Mrs. Punnee Worawuthichongsathit. Hence, SPI is considered as a connected party of the Company according to Notifications on Connected Transactions. The transaction size is equivalent to 16.06% of the net tangible assets (NTA) of the Group as of December 31, 2018 which is greater than 3.00% of the net tangible assets (NTA) and, hence, has to be approved from the Company's shareholders.

Hence, the Company has to seek an approval for entering into such transaction from the shareholders' meeting with votes of not less than three-fourth of total number of the shareholders present at the meeting and having voting rights, excluding the votes of shareholders having an interest in the matter as the following.

List of Shareholders Not Eligible to Vote for Approving this Transaction

Name	Shares held in WACOAL as of 31 December 2561		Relationship with the counterparties of the transaction
	No. of shares	%	
1. Saha Pathana Inter-Holding Public Company Limited ("SPI")	27,304,800*	22.75*	Counter party of this land disposition transaction
2. International Laboratories Company Limited	186,500	0.16	<ul style="list-style-type: none"> have 30.27% of total issued and paid-up shares directly and indirectly owned by SPI Have 1 common director with SPI who is Mr. Boonsithi Chokwatana
3. Chokwatana Company Limited	140,620	0.12	<ul style="list-style-type: none"> Major shareholder of SPI which held 16.81% of total issued and paid-up shares of SPI Have 3 common directors with SPI who are Mr. Boonsithi Chokwatana, Mr. Boonchai Chokwatana, and Mr. Boonkiet Chokwatana
4. Mr. Boonchai Chokwatana	100,000	0.08	<ul style="list-style-type: none"> Managing Director of Chokwatana Company Limited Director of SPI

Source: the Company

Note * Amount and Percentage of shares directly held by SPI

1.1.1 Relevant parties and key conditions of agreement

Contract parties

Buyer	:	Saha Pathana Inter-Holding Public Company Limited
Seller	:	Thai Wacoal Public Company Limited

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Relationship of the Parties	:	<ul style="list-style-type: none"> Saha Pathana Inter-Holding Public Company Limited is major shareholder who directly and indirectly held 25.91% of total issued and paid-up shares of the Company as of December 31, 2018 Both companies have 2 common directors, who are Mr. Manu Leelanuwatana and Mrs. Punnee Worawuthichongsathit
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General information of Saha Pathana Inter-Holding Public Company Limited

Type of business	:	3 main businesses include <ul style="list-style-type: none"> Consumer Business Food and Beverage Businesses Industrial parks and other Businesses 																																																
Authorized share capital	:	On 31 December 2018 SPI has Authorized share capital equals to THB 582,923,188.00 which comprises of 582,923,188 shares, with par value equal to THB 1.00 per share and also has Issued and paid-up capital equals to THB 571,515,007 which comprises of 571,515,007 shares with par value equal to THB 1.00.																																																
Director	:	<p>As of December 31, 2018, SPI's Board of Directors are as follows:</p> <table border="1"> <thead> <tr> <th></th><th>Name</th><th>Position</th></tr> </thead> <tbody> <tr> <td>1</td><td>Mr. Boonsithi Chokwatana</td><td>Chairman of the Company's Board of Directors / Chairman of the Company's Executive Board</td></tr> <tr> <td>2</td><td>Mr. Vichai Kulsomphob</td><td>President / Director</td></tr> <tr> <td>3</td><td>Mr. Samrerng Manoonpol</td><td>Director</td></tr> <tr> <td>4</td><td>Mr. Manu Leelanuwatana</td><td>Director</td></tr> <tr> <td>5</td><td>Miss. Sirikul Dhanasarnsilp</td><td>Director</td></tr> <tr> <td>6</td><td>Mr. Pipat Paniangvait</td><td>Director</td></tr> <tr> <td>7</td><td>Mr. Sujarit Patchimnan</td><td>Director</td></tr> <tr> <td>8</td><td>Mr. Boonchai Chokwatana</td><td>Director</td></tr> <tr> <td>9</td><td>Mr. Boonkiet Chokwatana</td><td>Director</td></tr> <tr> <td>10</td><td>Mr. Pipope Chokvathana</td><td>Director</td></tr> <tr> <td>11</td><td>Mr. Nophorn Bhongsvej</td><td>Independent Director / Chairman Of The Audit Committee</td></tr> <tr> <td>12</td><td>Mr. Surachai Danaitangtrakul</td><td>Independent Director</td></tr> <tr> <td>13</td><td>Mrs. Punnee Worawuthichongsathit</td><td>Independent Director / Audit Committee</td></tr> <tr> <td>14</td><td>Mr. Sompong Sungrungsan</td><td>Independent Director / Audit Committee</td></tr> <tr> <td>15</td><td>Mr. Nipon Poapongsakorn</td><td>Independent Director</td></tr> </tbody> </table>		Name	Position	1	Mr. Boonsithi Chokwatana	Chairman of the Company's Board of Directors / Chairman of the Company's Executive Board	2	Mr. Vichai Kulsomphob	President / Director	3	Mr. Samrerng Manoonpol	Director	4	Mr. Manu Leelanuwatana	Director	5	Miss. Sirikul Dhanasarnsilp	Director	6	Mr. Pipat Paniangvait	Director	7	Mr. Sujarit Patchimnan	Director	8	Mr. Boonchai Chokwatana	Director	9	Mr. Boonkiet Chokwatana	Director	10	Mr. Pipope Chokvathana	Director	11	Mr. Nophorn Bhongsvej	Independent Director / Chairman Of The Audit Committee	12	Mr. Surachai Danaitangtrakul	Independent Director	13	Mrs. Punnee Worawuthichongsathit	Independent Director / Audit Committee	14	Mr. Sompong Sungrungsan	Independent Director / Audit Committee	15	Mr. Nipon Poapongsakorn	Independent Director
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Top 10 Major Shareholders of SPI as of 31 December 2018

Top 10 Major Shareholders of SPI as of 31 December 2018

	Name	Shares held	
		Amount	Percentage
1	Chokwattana Company Limited	96,094,066	16.81
2	I.C.C. International Public Company Limited	57,001,656	9.97
3	Saha Pathanapibul Public Company Limited	49,433,806	8.65
4	Nomura Securities Co Ltd-Client A/C	23,344,331	4.08
5	Unicentral Company Limited	21,218,182	3.71
6	Smbc Nikko Securities Inc. - Client Account	20,220,550	3.54
7	Mr. Weeraphat Punsak-Udomsin	20,060,122	3.51
8	I.D.F. Company Limited	19,023,282	3.33
9	Uniwealth Company Limited	14,380,310	2.52
10	Universe Beauty Company Limited	10,459,727	1.83
Top 10 major shareholders shares		331,236,032	57.96
Others shareholders		240,278,975	42.04
Total shares		571,515,007	100.00

Source : www.set.or.th

Summary of Key Terms and Conditions of the Draft Sale and Purchase Agreement pertaining to the Land with Notice of Offer to Purchase

Contractual Parties	:	<ul style="list-style-type: none"> • Saha Phatana Inter-Holding Plc. as “the Purchaser” • Thai Wacoal Public Company Limited as “the Seller”
The Asset for Sale and Purchase	:	The freehold right to 4 land title deeds which are no. 11357, 59109, 17090 and 53138, covering a total area of 6-0-66.4 rais, situated in Alley 47 of Rama III Road, in Bangpongpan Sub-district of Yannawa District, Bangkok
Date of Signing	:	<p>March 15, 2019</p> <p>Whereby this Agreement will be binding on both parties upon consideration and approval being given upon Shareholders’ Meeting of the Seller for the sale of the land according to this agreement.</p>
Purchase and Sale Price	:	THB 924.90 million
Payment of the Price and Registration of Transfer of Ownership	:	<p>The Purchaser agrees to pay the amount of THB 924.90 million (excluding fees, tax and other related costs) to the Seller in three installments as follows:</p> <ul style="list-style-type: none"> • Installment 1 : the amount of THB 92.49 million within the month of May 2019 as a deposit before registration of transfer of ownership. • Installment 2 : the amount equivalent to the value of 1 or 2 of the land title deeds of which ownership transferal shall be registered by the end of December 2019. • Installment 3 : the balance of the purchase price equivalent to the value of the land as defined in the remaining title deeds of which ownership transferal shall be registered by the end of April 2020.
Payment of fees, tax, and other costs related to the purchase and sale of asset	:	<ul style="list-style-type: none"> • The Purchaser and the Seller agree to pay half the registration fees related to the transfer of land ownership. • The Seller agrees to be solely responsible for corporate income tax resulting from the sale of land, specific business tax, stamp duties and other costs related to the registration of ownership transfer.
In case of breach of contract	:	Upon the Seller breaches any terms of this contract or fails to transfer ownership of the land as specified and appointed herein, the Purchaser has the right to initiate litigation to enforce compliance with this agreement or claim damages from the Seller. In the case where the Purchaser breaches any term of this contract, the Seller has the right to forfeit all deposits that the Purchaser has already paid and terminate this contract, as well as claim damages from the Purchaser.

1.1.3 Asset Information in Entering into this Transaction

Details of the Land with Notice of Offer to Purchase

Location	:	Rama III Road, Alley 47, Bangpongpan Sub-district, Yannawa District, Bangkok
Asset Information	:	Ownership of land as defined in a total of 4 title deeds (title deeds no. 11357, 59109, 17090 and 53138), a combined total area of 6 rais 66.4 square was or 2,466.40 square wahs
Asset Status	:	<ul style="list-style-type: none"> ▪ The land is vacant, already filled, polygon shaped. ▪ The road in front of the asset is Rama III Road, a public road, an 8-lane steel-structured road with a width of approximately 24 meters, and about 40 meters right of way. ▪ Areas in the vicinity are residential and commercial

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Relevant Legal and Regulatory references	:	Situated in an area designated as “Red” specified for “commercial use”. The location of this asset currently has no plan for development by the Government.
Ownership	:	Owned by the Company
Obligation	:	None

Image from the front of the Land Plots and Vicinity of the Land with Notice of Offer to Purchase

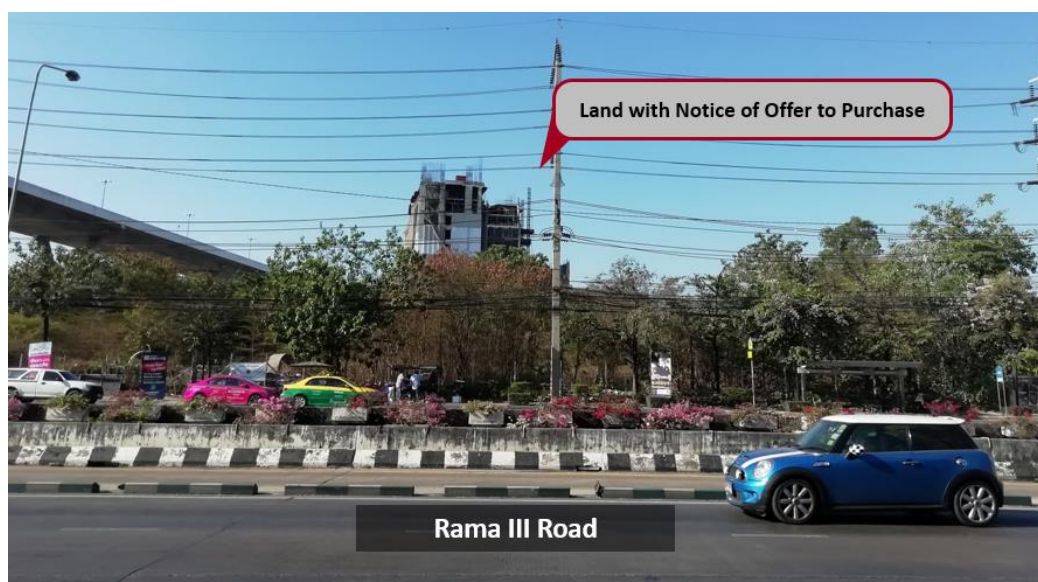


Image from the left of the Land Plots and Vicinity of the Land with Notice of Offer to Purchase



Image from the right of the Land Plots and Vicinity of the Land with Notice of Offer to Purchase



1.2 Reasonableness of the Transaction

1.2.1 Transaction Objective

The main objective of the sale of the land with notice of offer to purchase is to use the money gained from the sale to invest in building a new corporate office building on another plot of land totaling an area of 5-0-22.6 rais, situated on Rama III Road Alley 23, Bangklo Sub-district, Bangkolaem District, Bangkok, for the purpose of expanding its corporate office space.

1.2.2 Comparison of Advantages and Disadvantages of the Transaction

Advantages of Entering into the Transaction

1. The Company would be able to dispose of its unused asset which is not yielding any benefit to its business operations.

The offer to purchase this land by SPI presents a good opportunity for the Company to dispose of such asset which is unutilized vacant land, not generating any benefit to the Company's business operations, and of which there is no plan to develop or use such land in the future.

2. The Company is able to recognize profit from the disposition of this asset.

The sale of this land to SPI is valued at THB 924.90 million enabling the Company to recognize a profit of THB 309.45 million from the disposal of this asset, or equivalent to net profit of THB 219.10 million after deduction of fees and expenses, with the following details of calculation:

Item	Amount (Unit : million Baht)
Value of consideration received from the sale of land	924.90
Less: Book value of the land	(615.45)
Gain from disposal of asset	309.45
Less: Estimated fees and expenses arising from the sale of assets *	(35.58)
Less: Estimated corporate income tax of the Company *	(54.77)
Net profit from disposal of assets	219.10

Note * Estimation from the Company

3. The Company is able to use the money gained from disposal of this asset as capital for its project to construct a new corporate office building.

The sale of this land to SPI at the price of THB 924.90 million, after deduction of fees and expenses as well as corporate income tax of THB 90.35 million, will give the Company a net cash flow of THB 834.55 million. The Company can use the net cash generated from this transaction as a fund and help reduce financing cost for developing its other projects, including project to construct a new office building to expand its corporate office space.

Disadvantages and Risks of Entering into the Transaction

1. The Company loses the opportunity to sell this land at a higher price in future.

Disposal of this land with notice of offer to purchase will result in lost opportunity to sell the land at a higher price in future as the price of land tends to rise. Data from the Bank of Thailand indicate that the land price index in Thailand grows continuously, with an average growth rate of 6.15 percent during 2008 - 2018. Moreover, the Agency for Real Estate Affairs (AREA) contended that land located in the Bangkok Metropolitan area has an average growth rate of approximately 13.30 percent per annum between 1998 and 2018. Nevertheless, the land is large and requires a lot of capital to trade, the Company would probably require a longer period of time as well as greater financial resources to find an interested investor in the future.

2. The Company loses the opportunity to develop other projects on this land.

Disposal of this land with notice of offer to purchase will result in loss opportunity for the Company to develop future projects on this land. However, the Company has no plan to develop or use such property.

1.2.3 Comparison of the Advantages and Disadvantages of Entering into the Transaction with a Related Party and with a Third Party

After receiving the notice of offer to purchase from SPI, the Company put up a “For Sale” sign in an effort to attract other possible interested investors in order to compare the offer price from third parties. However, from February 11, 2019, when the Company put up the sign, to March 8, 2019, the Company received no offer from other interested parties, thus there was no other offer price from third parties to compare. Nevertheless, the purchase price offered by SPI is within an appropriate price range using the Adjusted Book Value Approach, equivalent to THB 912.57 – 937.23 million (Details of the evaluation of the appropriate price range of the Independent Financial Advisor appear in Section 1, Clause 1.3.1 of this IFA report). Moreover, the terms and conditions of the draft Sale and Purchase Agreement, as is generally used in the sale and purchase of real estate, allow the purchaser and the seller to reach agreement in many ways on such issues on a voluntary basis to the satisfaction of both parties.

Moreover, SPI is a public company listed in the SET and has received AA (Stable) rating from TRIS Rating Company Limited. Therefore, the selling of land to SPI would have low counterparty credit risk, in terms of risk to the Company of not receiving payment for the asset, or the counterparty cancelling the purchase of the asset after the Company’s shareholders have approved entering into the transaction.

In addition, if the Company declines this offer from SPI, the Company would probably require a longer period of time as well as greater financial resources to find an interested investor in the future.

1.3 Fairness of Price and Conditions of the Transaction

1.3.1 Fairness of Price in Entering into the Transaction

In evaluating fairness of price in entering into the transaction of selling this land to SPI, the Independent Financial Advisor assessed the fair value of the asset based on financial methods used to consider the appropriateness of the price to enter into the transaction. The Independent Financial Advisor used 2 financial methods as follows:

- 1) Book Value Approach
- 2) Adjusted Book Value Approach

Details of the assessment of fair value under each method are as follows:

1) Book Value Approach

Valuation based on this approach will show the value of the land by reference to the book value of assets shown in the Company's financial statements at a certain point in time. In undertaking this valuation, the IFA referenced reviewed financial statements as at December 31, 2018 details of which are as follows:

Calculation of Asset Value according to the Book Value Approach of WACOAL as at December 31, 2018

Item	Value (THB Million)
Book Value	615.45
Transaction Price	924.90
Comparison of Transaction Price to Book Value	Book Value is lower than the Transaction Price by THB 309.45 million or by 33.46%

From the above table, **the land with notice of offer to purchase has book value of THB 615.45 million** which is lower than the Transaction Price at THB 924.90 million by THB 309.45 million or accounting for 33.46 percent.

2) Adjusted Book Value Approach

With this valuation approach, the IFA considered the book value of the land and adjusted to the present with asset appraisal value based on market price by 2 independent appraisers approved by the SEC, namely

- 1) Siam Appraisal and Service Company Limited ("SASCO") which prepared a valuation report on 13 February 2019 for public purposes, whereby the report is a valuation on February 12, 2019.
- 2) Bangkok Property Appraisal Co., Ltd. ("BKKPA") which prepared a valuation report on 14 February 2019 for public purposes, whereby the report is a valuation on February 12, 2019.

Details of the valuation undertaken by SASCO and BKKPA can be summarized as follows:

Summary of the Valuation of the Company's Land by SASCO

SASCO conducted its valuation of the land with notice of offer to purchase based on Market Approach which considered the value of the asset in comparison with market information on the cases of land currently advertised for sale with similar/comparable location and characteristics as the land with notice of offer to purchase, of which the details used in determining the market value are as follows:

The opinions of the Independent Financial Advisor on the connected transaction
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Data from SASCO surveyed assets used in comparison to assess market prices

Item	Appraised Asset	Comparative Information		
		Land 1	Land 2	Land 3
Asset Characteristics		Vacant Land		Land and Building
Location	Next to Rama III Road	Next to Rama III Road and Chao Phraya River		Next to Rama III Road
Acreage (sq.wah)	2,466.40	3,255.00	9,904.40	600.00
Plot shape	Polygon	similar to rectangular		Rectangular
Sides next to road		1 side		
Road surface		Reinforced concrete		
Width/right of way (meters)		24 / 42 meters		
Public utilities		Electricity, plumbing and telephone		
City plan	Commercial	Dense residential		
Environment	Residential, commercial and business			Residential, commercial and business
Maximum utilization of land	Residential, commercial and business			

Map showing Location of the Appraised Asset and Comparative Information from SASCO



Then SASCO proceeded to score the appraised assets with comparative data from elements that affect the value of each asset, namely Location, Adjacent position to road, Size and shape of property, Condition of the plot, Prosperousity of the surroundings, Land use, and Public utilities, compared to the appraised asset. SASCO would score each comparative data from 1 – 10 score where higher score would mean higher quality of a land. Details of the assets scoring are as follows:

Table showing the Analysis and Scoring of Assets by SASCO

Factor	Weight (percent)	Appraised Asset	Comparative Data		
			Land 1	Land 2	Land 3
Location	20	7	9	9	7
Adjacent road	15	8	8	8	8
Acreage	15	7	6	5	8
Shape	10	6	7	7	8
Condition of the plot	10	6	7	7	8
Prosperousness of the surroundings	10	8	8	8	8
Land use	10	8	8	7	9
Public utilities	10	8	8	8	9
Total	100	725	770	745	790

In addition, the purchase-selling price of the comparative data land equals to THB 450,000.00 per square wah which SASCO has considered and lowered price of each comparative data according to the market mechanism of land price negotiation whereby the purchaser has higher bargaining power than the seller, then considered the value of the appraised assets by analyzing the quality scoring and weight of the comparative data, which has calculation details as follows:

Table showing Market Price Comparison by SASCO

Item	Unit	Comparative Data		
		Land 1	Land 2	Land 3
Purchase-selling price	(THB per sq.wah)	450,000	450,000	450,000
Negotiated price (1)	(THB per sq.wah)	390,000	380,000	410,000
Land quality analysis results (2) (Appraised asset rating = 725)	(points)	770	745	790
Land quality comparison ratio (3) = 725 / (2)	(times)	0.94	0.97	0.92
Price according to comparison ratio (4) = (1) x (3)	(THB per sq.wah)	367,224	369,816	376,257
Average weight comparison (5)	(weight)	0.33	0.42	0.25
Price after average weight comparison (6) and (7) and (8) = (4) x (5)	(THB per sq.wah)	121,184 (6)	155,323 (7)	94,064 (8)
Asset appraisal price (9) = (6) + (7) + (8) (Round)	(THB per sq.wah)	370,000		
Asset appraisal price = (9) x 2,466.40 square wah	(THB)	912,568,000		

From the analysis of the comparative data of the above assets, SASCO's appraisal price of the land with notice of offer to purchase using the Market Approach is equivalent to THB 370,000 per square wah, or equivalent to a total value of THB 912.57 million.

Summary of the Valuation by BKKPA

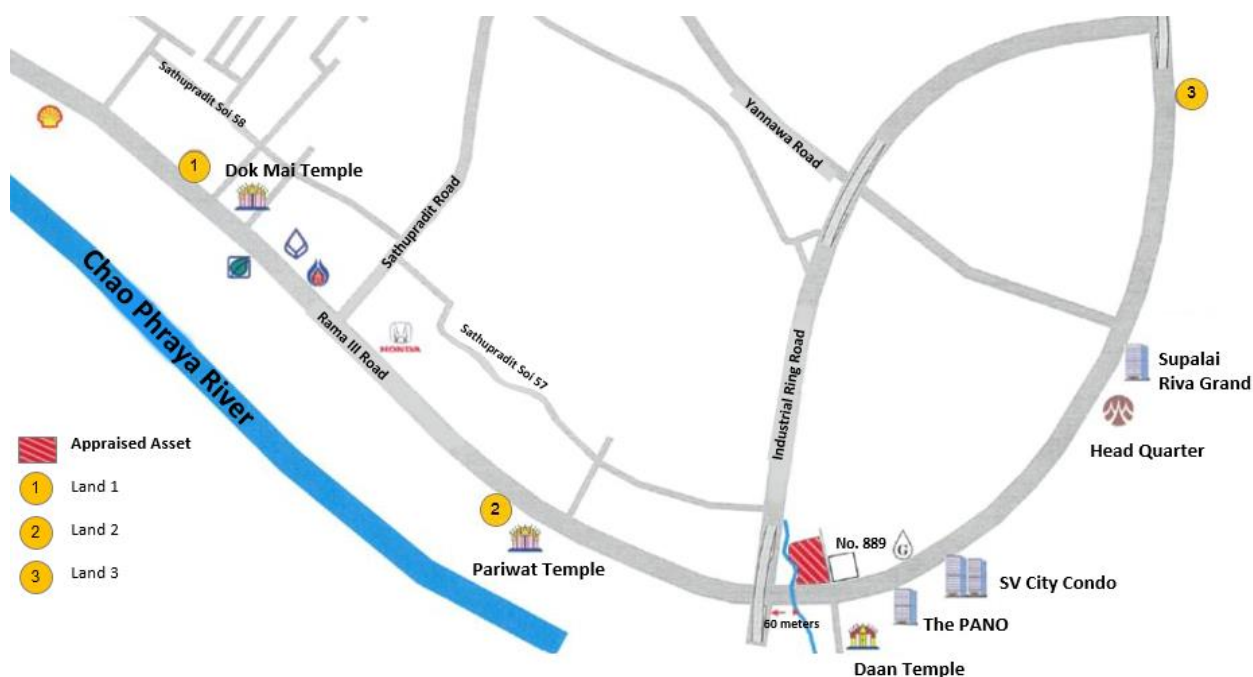
BKKPA conducted its valuation of the land with notice of offer to purchase based on Market Approach which considered the value of the asset in comparison with market information on the cases of land currently advertised for sale with similar/comparable location and characteristics as the land with notice of offer to purchase, of which the details used in determining the market value are as follows:

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Data from BKKPA surveyed assets used in comparison to assess market prices

Item	Appraised Asset	Comparative Data		
		Land 1	Land 2	Land 3
Asset Characteristics	Vacant Land			
Location	Next to Rama III Road		Next to Rama III Road and Chao Phraya River	
Acreage (sq.wah)	2,466.40	1,453.00	3,255.00	4,781.00
Plot shape	Polygon	Almost rectangular		
Sides next to road	1 side			2 sides
Road surface	Reinforced concrete			
Width/right of way (meters)	24 / 40 meters			24 / 40 meters and 6 / 8 meters
Public utilities	Electricity, plumbing, telephone			
City planning	Commercial	Dense residential		Commercial
Development potential	Residential			

Map showing Location of the Appraised Asset and Comparative Information from BKKPA



Then BKKPA proceeded to rate the appraised assets with comparative data from elements that affect the value of each asset, namely Condition of the location Transportation, Public utilities, Utilization of the land, Physical condition of the plot, Share pf the plot, Regulation, and Liquidity compared to the appraised asset. BKKPA would score each comparative data from 1 – 10 score where higher score would mean higher quality of a land. Details of the assets scoring are as follows:

Table showing the Analysis and Rating of Assets by BKKPA

Factor	Weight (percent)	Appraised Asset	Comparative Data		
			Land 1	Land 2	Land 3
Condition of the location	15	6	6	7	7
Transportation	15	7	7	7	7
Public utilities	15	7	7	7	7
Utilization of the land	15	8	6	8	8

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Factor	Weight (percent)	Appraised Asset	Comparative Data		
			Land 1	Land 2	Land 3
Physical condition of the plot	15	7	7	6	7
Shape of the plot	10	5	6	6	6
Regulation	10	10	9	9	10
Liquidity	5	6	7	5	3
Average	100	7.05	6.80	7.00	7.15

In addition, the purchase-selling price of the comparative data land is in the range of THB 420,000.00 – 450,000.00 per square wah which BKKPA considered and lowered price of each comparative data according to the rate of land price negotiation from the discount expected to be able to bargain with the seller, then considered the value of the asset that is evaluated by analyzing the quality rating and weight of the comparative data, calculation details of which are as follows:

Table showing Market Price Comparison by BKKPA

Item	Unit	Comparative Data		
		Land 1	Land 2	Land 3
Purchase-selling price	(THB per sq.wah)	350,000	450,000	420,000
Negotiated price (1)	(THB per sq.wah)	332,500	382,500	399,000
Land quality analysis results (2) (Appraised asset rating = 7.05)	(points)	6.80	7.00	7.15
Land quality comparison ratio (3) = 7.05 / (2)	(times)	1.04	1.01	0.99
Price according to comparison ratio (4) = (1) x (3)	(THB per sq.wah)	344,723	385,231	393,418
Average weight comparison (5)	(weight)	0.19	0.44	0.37
Price after average weight comparison (6) and (7) and (8) = (4) x (5)	(THB per sq.wah)	65,497 (6)	169,502 (7)	145,565 (8)
Asset appraisal price (9) = (6) + (7) + (8) (Round)	(THB per sq.wah)	380,000		
Asset appraisal price = (9) x 2,466.40 square wah	(THB)	937,232,000		

From the analysis of the comparative data of the above assets, BKKPA's appraisal price of the land with notice of offer to purchase using the Market Approach at THB 380,000 per square wah, or equivalent to a total value of THB 937.23 million.

Opinion of the IFA on the Valuation by Independent Appraisers

Valuation of the land with notice of offer to purchase by the 2 independent appraisers based on the Market Approach can be summarized as follows:

Summary of Asset Appraisal Results by SASCO and BKKPA

Item	Appraisal Result by SASCO	Appraisal Result by BKKPA
Date of Appraisal	February 12, 2019	
Appraised Asset	4 Plots of Vacant Land, Totaling an area of 6-0-66.4 rais	
Appraisal Method	Market Approach for appraisal of land price	
Price per square wah	THB 370,000	THB 380,000
Total Appraisal Price	THB 912.57 million	THB 937.23 million
Transaction Price	THB 924.90 million	

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Item	Appraisal Result by SASCO	Appraisal Result by BKKPA
Comparison of transaction price with appraisal price by independent appraisers	Appraised Price is lower than the Transaction Price by THB 12.33 million or by 1.33%	Appraised Price is higher than the Transaction Price by THB 12.33 million or by 1.33%

Referencing the appraisal result by independent appraisers, **the land with notice of offer to purchase has valuation based on Adjusted Book Value Approach of THB 912.57 – 937.23 million** while the transaction price of THB 924.90 million is considered to be within the range of the value of the land in accordance with such method, which is lower than THB 12.33 million (or equivalent to less than 1.33 percent) to higher than THB 12.33 million (or equivalent to higher than 1.33 percent).

However, the difference of asset valuation by the 2 asset appraisers can be summarized as follows:

- The plot of land used as comparative data is different from each asset appraiser's survey
- The difference in considered factors used in scoring land quality of each asset appraiser. For example, SASCO would consider factors such as the Acreage and Prosperousity of the surroundings while it is not included in BKKPA's scoring. On the other hand, BKKPA would consider factors such as the Regulation and Liquidity which is not included in SASCO's scoring
- The difference in the weight of factors used in scoring the land quality of each asset appraiser due to the differences in principles and methods of each asset appraiser. For example, SASCO would consider the weight for Location equals to 20.00% which is higher than that of BKKPA at 15.00%
- The discounting rate for each comparative data which asset appraiser would consider from the expected discount that can be negotiated with each of the asset's seller which each asset appraiser has different discounting rate

Summary of Valuation Result by the Independent Financial Advisor

The evaluation of the fair value of the Company's land with notice of offer to purchase based on various valuation methods can be summarized as follows:

Summary of the Comparison of Asset Valuation with the Transaction Price

Method of Fair Price Evaluation	Value/Price (THB Million)	Transaction Price (THB Million)	Appropriateness of Evaluation Method	Appraisal Price by IFA Higher than (Lower than) the Transaction Price (percent)
1. Book Value Approach	615.45	924.90	Inappropriate	(33.46)
2. Adjusted Book Value Approach	912.57 - 937.23	924.90	Appropriate	(1.33) - 1.33

Various asset valuation approaches have different advantages and disadvantages. The Book Value Approach takes into account the past value of the asset and not the current price of the asset, thereby rendering the asset's book value possibly not being reflective of a fair price of the asset.

The Adjusted Book Value Approach, on the other hand, is an appropriate approach for real estate which has trading price or bidding-offering price that is comparable in the similar period. The approach would render the current price and reflect the asset value under the present conditions as much as possible. **Therefore, it is the opinion of the IFA that the most appropriate approach to evaluate the asset is the Adjusted Book Value Approach with the appropriate price range equals THB 912.57 - 937.23 million, whereby the transaction price of THB 924.90 million is considered to be within the price range based on this valuation approach at between less than THB 12.33 million (or equivalent to less than 1.33 percent), to more than THB 12.33 million (or equivalent to more than 1.33 percent).**

1.3.2 Fairness of Conditions of Entering into the Transaction

The Independent Financial Advisor has considered the appropriateness of the conditions of the draft land purchase and sale agreement, as detailed in section 1, item 1.1.2 of this report such as

- Condition regarding payment of the price and registration of transfer of ownership which specifies that the Purchaser pay the deposit before registration of ownership amount to THB 92.49 million which is 10.00% of the total transaction value. Furthermore, the condition specifies that the installments would be paid upon the registration of ownership which the purchaser will pay the amount of 1 or 2 of the land title deeds that would be registered within December 2019 and would pay price of the remaining land title deeds that would be registered within April 2020.
- Conditions regarding the payment of fees, tax and various expenses related to the purchase and sale of the asset which requires the purchaser to divide the transfer fee by half with the seller, while stipulating that the seller is responsible for payment of income tax on revenue gained from the sale of the asset, specific business tax, stamp duties and other relevant expenses associated with the registration of land.

Hence, the IFA consider that the conditions of the land disposal is the terms and conditions of the draft Sale and Purchase Agreement, as is generally used in the sale and purchase of real estate, allow the purchaser and the seller to reach agreement in many ways on such issues on a voluntary basis to the satisfaction of both parties. Furthermore, in the case that the land title deed that would be registered within December 2019 has only 1 land, the Company's liquidity and investment plan will not be affected and the Company would not lose benefit as the Company would register for land transfer only upon the cash paid by SPI. Therefore, **the IFA deems the conditions of entering into this transaction to be appropriate.**

Part 2 Summary of Independent Financial Advisor Opinion

From the analysis by the IFA of the reasonableness of the transaction, as well as fairness of price and conditions pertaining to the sale of the Company's land to SPI, the IFA is of the opinion that the disposal of the Company's land **is appropriate** due to the following:

1. It provides an opportunity for the Company to be able to dispose of its unutilized assets which is not generating any benefit to its business operations and which the Company has no plan to develop or use in the future. Moreover, the asset to be sold is land which it is large and requires a great deal of capital in trading and, thus, is difficult to purchase or sell.
2. The Company will be able to recognize profit from the sale of this asset in the amount of THB 309.45 million or a net profit from the sale after deduction of fees and expenses totaling THB 219.10 million.
3. The Company will receive net cash from the sale of this asset, after deduction of fees and expenses, equivalent to THB 834.55 million, which can be used for other projects, including the company's project to construct a new corporate office building in order to expand its office space which will be developed on another plot of land with a total area of 5-0-22.6 rais situated on Rama 3 Road, Alley 23, Bangklo Sub-district, Bangkokaem District of Bangkok, which is in closer proximity to the Company's current office, compared to the land with notice of offer to purchase.
4. The transaction price of THB 924.90 million is within the appropriate price range as evaluated using the Adjusted Book Value Approach, which is equivalent to THB 912.57 – 937.23 million (Details of the IFA's appraisal of the appropriate price range are presented in Section 1, Clause 1.3.1 of this report.)
5. The terms and conditions of the draft Sale and Purchase Agreement, as is generally used in the sale and purchase of real estate, allow the purchaser and the seller to reach agreement in many ways on such issues on a voluntary basis to the satisfaction of both parties.

As such, shareholders should **approve** this transaction. However, entering into this transaction has a number of **disadvantages and risks** which shareholders should additionally consider in respect to resolving to approve this transaction due to the following:

1. Disposal of this land with notice of offer to purchase will result in lost opportunity to sell the land at a higher price in future as the price of land tends to rise. Nevertheless, the land is large and requires a lot of capital to trade, the Company would probably require a longer period of time as well as greater financial resources to find an interested investor in the future.
2. Disposal of this land with notice of offer to purchase will result in loss opportunity for the Company to develop future projects on this land. However, the Company has no plan to develop or use such property. Furthermore, the cashflow from disposition of the land can be used for developing a new corporate office building in order to expand its office space which is located in the proximity to the Company's current office

The decision to vote is solely dependable on the consideration and discretion of the shareholder. The shareholder should take into consideration the advantages, disadvantages, risks, limitations, and opinions expressed on consideration items of the transaction as well as carefully consider the attached documents submitted to the shareholder along with the invitation letter to shareholder' meeting so as to make the most appropriate decision.

Jay Capital Advisory Limited, as the Independent Financial Advisory of the Company, has performed the study and analysis with care in accordance with the professional standard and has provided the opinion based on the fair analysis of information by taking into consideration the benefits of all shareholders.

The opinion of the IFA is based on the information which has been received from WACOAL as well as interviews with the management, publicly available information and other relevant documents. The IFA assumes that all information received is truthful and correct. Therefore, if the said information is incorrect and/or is not truthful and/or has been significantly changed in the future, it will affect the opinion of the IFA. Therefore, the IFA is unable to certify or warrant the future impact that may arise to the Company

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and the shareholders. In addition, the opinion of the IFA is only to provide comments to the shareholders and providing this opinion does not warrant the accomplishment of the transaction and any impact flowing from the transaction to the Company.

This English report of the IFA's opinion has been prepared solely for the convenience of foreign shareholders of the WACOAL and should not be relied upon as the definitive and official document. The Thai language version of the IFA's opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

Yours Sincerely,

-Ms. Jirayong Anuman-Rajadhon-

(Ms. Jirayong Anuman-Rajadhon)

Managing Director

Jay Capital Advisory Limited, the Independent Financial Advisor

Enclosure 1 General Information of Thai Wacoal Public Company Limited

1. History and Background of the Company

Thai Wacoal Public Company Limited was established as a joint venture between Saha Pathanapibul Company Limited and Wacoal Corporation (Japan) on October 1, 1970. Later in 1983, the Company was listed on the Stock Exchange of Thailand and in 1994 became a public company. At present, the Company is a manufacturer of ready-made apparel comprising lingerie, women's wear and children's wear.

The Company currently has 5 subsidiary companies, namely (1) Wacoal Sriracha Company Limited (2) Wacoal Lamphun Company Limited (3) Wacoal Kabinburi Company Limited and (4) Pattaya Kabinburi Company Limited, which constitute the Company's manufacturing base with investment promotion privileges for the Board of Investment, and (5) Tora 1010 Company Limited which operates the business of supplying and distributing ready-made garments and dyeing business.

Whereby, the Company has significant changes in shareholding structure, management or business operations since 1987, details of which are summarized as follows:

- 1987 : Increased authorized share capital to THB 40 million
- 1994 : Transformed into a public company, having continuously increased capital, and currently has authorized share capital totaled THB 120 million
- 1999 : Issued THB 500 million debentures to reduce dependence on bank loans
- 2013 : Jointly invested to establish Pattaya Myanmar Company Limited to expand production base into CLMV countries
- 2015 : Entered into a joint venture with Wacoal Corp., Japan to establish Myanmar Wacoal Company Limited as a future production base for ladies lingerie
- 2016 : Entered into a joint venture with Wacoal Corp., Japan and Saha Pathana Inter-Holding Public Company Limited to establish A Tech Textile Company Limited and G Tech Material Company Limited to be the future production base of raw materials for women's lingerie
- 2017 : Increased the Company's investment in Pattaya Manufacturing Company Limited and became an associated company

As at December 31, 2018 the Company has total authorized share capital equals to THB 120,000,000 divided into a total of 120,000,000 shares of which the par value of THB 1.00 per share is fully paid.

2. Business Overview

Products of the the Company and its subsidiaries (collectively, "the Group") can be classified into 3 categories, comprising:

- Women's lingerie under the trademarks Wacoal, WIENNA, B'me, and CW-X
- Women's wear under the trademark 5.up, Race', innine, Sgarlet and Presea and WACOAL BLOUSE
- Children's wear under the trademark ENFANT, De bon, and ELLE PETITE and ELLE POUPON

With each business having the following business characteristics:

Ladies' Lingerie

Ladies lingerie is the core product line of the Company with percentage of revenue at 93 percent of the Group's total sales revenue in 2018. The Company produces lingerie products for distributors under the trademarks Wacoal, WIENNA, B'me, and CW-X, with the following details:

- **Wacoal** : lingerie products which are aligned with different needs of women's physiology at each age from young girl, adolescent to senior adult, and cover a variety of different lifestyles, whether

exercising, travelling, rest and recreation, as well as going out and attending social events. Products include speciality product lines for specific customer groups such as Wacoal Balancing Bra for breast cancer survivors, Surgical Wear which are medical apparel, Pressure Garment for those who have undergone such procedures as hair transplant, facelift, or breast augmentation or reduction, liposuction on the waist, abdomen, hips or thighs, etc. which are specially designed to fit different parts of the female anatomy, providing support and contouring for the desired shape.

- **WIENNA** ladies' lingerie for the working woman with a complete array of products from bras, panties, girdles, body suits, slips, nightwear, as well as custom-made lingerie for those who cannot find a fitting standard cup size and those who have had breast cancer.
- **B'me** ladies' lingerie in size and form suitable for women in each changing age group, providing support and enabling wearers look youthful and feel captivating.
- **CW-X** performance enhancing apparel with ergonomic and physiological dynamic design which completely respond to body movements and comfort.

Sales and Distribution Channels of Lingerie

The Company's revenue from women's lingerie sales domestically and abroad, details of which are as follows:

Domestic Sales

1. The Company has appointed I.C.C. International Plc., a company in the Saha Group and the Company's major client, as its authorized distributor. ICC is a leading corporation with high potential and expertise in domestic marketing as well as marketing in neighboring countries, namely Laos, Cambodia and Myanmar, whereby the main sales channel is modern trade in leading department stores, including opening shops in leading shopping centers nationwide. ICC has been distributor of the Company's products for more than 40 years.
2. The Company distributes products under the trademark "WIENNA" through Wien International Co., Ltd., a leading expert in direct sales via its website and catalog, and a client of the Company now for over 30 years.
3. The Company's products under the trademark "B'me" are sold to Pens Marketing and Distribution Co., Ltd. with main distribution via Modern Trade sales channels, currently available both in Bangkok and upcountry provinces. In addition, expansion of sales channels has been undertaken to be more inclusive and diverse, whether in stand-alone shops such as His&Her Shops, E-Commerce, 7-ELEVEN convenience stores and Catalog Friday.
4. The Company has opened Wacoal Body Clinic Shop at its corporate office, in addition to providing services at leading department stores, to provide specially customized tailoring for those wanting specific contouring and lingerie products for medical purposes.
5. Other sales channels include opening Wacoal Studio, as well as via E-Commerce, TV Shopping and in Factory Outlets, both within the Saha Group and with external trading partners.

Foreign Sales

The Company and its subsidiaries directly export to the United States, Japan and the ASEAN economies, with Wacoal Corporation, the major shareholder of the Company and Wacoal America, Inc., as its main client

Outerwear Apparel

The Company manufactures and distributes ready-made outerwear products for women with percentage of revenue at 3 percent of the Group's total sales revenue in 2018 under the trademark 5.up, Race', in nine, Sgarlet, Presea and Wacoal Blouse, of details are as follows:

- Wacoal Blouse and 5.up are a line of women's wear created to suit its customers nationwide with the design and distribution of products correlating to customer demand in each locality in order to ensure highest customer satisfaction.

- Race' is a branded product created specifically for corporate customers, in designing and producing different types of employee uniforms by our quality teams whether in production, sales and comprehensive services—both before and after sales, rendering a continued high degree of trust and confidence in the Company's quality products and excellent services.
- In nine by Wacoal is a line of maternity wear and post-partum apparel.
- Sgaelet by Wacoal for Plus Size ladies.
- Presea by Wacoal for older women.

Sales and Distribution Channels of Ladies' Outerwear

1. Sales of the Company's WACOAL BLOUSE and 5.up Brands are conducted through its distributor, I.C.C. International Plc., whose main sales channels are leading department stores and shops nationwide.
2. The Company has direct sales arrangement with leading corporate clients in both the public and private sector to provide uniforms for their employees, both female and male, in businesses and in hospitals.
3. The Company distributes branded products under the trademarks in nine by Wacoal, Sgarlet by Wacoal and Presea by Wacoal via an online channel through the website www.myyesshop.com comprising Lifestyle products which focused on meeting the needs of specific consumer groups.

Children's Wear

The Company produces children's wear with percentage of revenue at 4 percent of the Group's total sales revenue in 2018 under the trademarks ENFANT, De bon, Amusant, Little Wacoal, ELLE PETITE and ELLE POUAPON. The children's wear market is divided into 2 groups based on age criteria as follows:

- Group 1 Market for babies and young children, newborn until age 6, divided into
 - Apparel products, diapers, bedding, socks, gloves, hats, bibs, soft toys
 - Non Apparel products including bottles, baby eating utensils, toiletries, disposal diapers, shoes, belt bags, accessories and learning toys
- Group 2 Market for grown children aged 6 - 12 years, divided into
 - Apparel products, socks, hats and scarves
 - Non Apparel products including shoes, bags, belts and accessories

Sales and Distribution Channels of Children's Wear

The Company's revenue from children's wear, both domestic and overseas, details of which are as follows:

Domestic Distribution

1. The Company sells the products through its authorized distributor, I.C.C. International Plc., similar to its lingerie products, with the main sales channel being leading department stores for high-end and middle level customers.
2. The Company distributes products through Modern Trade channel to meet the needs of customers who are primarily concerned with pricing of products.
3. The Company has increased distribution via online channels such as shopee.co.th, www.myyesshop.com.
4. The Company has increased another sales channel at Duty Free shops such as King Power.

In addition to expanding its distribution channels, the Company also focuses on building customer relationship via social network channels, namely "Enfant Kidclub", "Enfant Momclub" and on the website www.enfant.co.th as excellent media in communicating and publicizing its activities and news to customers.

Foreign Distribution

The Company's children's wear product lines are focused mainly in the AEC and China markets. The Company has placed emphasis on development of sales and services potential, concentrating on penetrating the trading market to reach main target groups through distributors in the respective

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countries. Our foreign distribution currently covers Hong Kong, Singapore, the Philippines, Vietnam, India, Bangladesh, Cambodia, Myanmar, China, Sri Lanka, Laos and Mauritius.

The Group's revenue structure for the year 2016 – 2018 are as follows;

The Group's revenue structure 2016 – 2018

Revenue structure	2016		2017		2018	
	THB Million	%	THB Million	%	THB Million	%
Domestic income	2,960.89	71.55	3,129.58	71.74	3,358.53	72.92
Export income	1,177.57	28.45	1,232.96	28.26	1,247.52	27.08

Source: the Company

3. List of the Shareholders

List of the major Shareholders of the Company as at December 31, 2018 are as follows;

List of the Shareholders of the Company at December 31, 2018

	Name	Share Amount	Percentage
1	Wacoal Corporation *	40,331,250	33.61
2	Saha Pathana Inter-Holding Public Company Limited **	27,304,800	22.75
3	Saha Pathanapibul Public Company Limited **	9,641,050	8.03
4	I.C.C. International Public Company Limited **	6,113,020	5.09
5	Mr. Weeraphat Punsak-Udomsin	4,879,600	4.07
6	Bangkok Bank Public Company Limited **	4,679,400	3.90
7	I.D.F. Company Limited	4,492,000	3.74
8	Sariraporn Company Limited	2,618,940	2.18
9	Bangkok Life Assurance Public Company Limited **	1,696,500	1.41
10	Thanulux Public Company Limited **	1,670,200	1.39
Top 10 major shareholders shares		103,426,760	86.19
Others shareholders		16,573,240	13.81
Total shares		120,000,000	100.00

Source: the Company

Remark * Wacoal Corporation is a company established in Japan country having Wacoal Holdings Corporation, a company established and listed in Japan, as its major shareholder.

** Saha Pathana Inter-Holding Public Company Limited, Saha Pathanapibul Public Company Limited, I.C.C. International Public Company Limited, Bangkok Bank Public Company Limited, Bangkok Life Assurance Public Company Limited, and Thanulux Public Company Limited are listed in the SET and their shareholder information can be reviewed in SET's website.

Whereas, the information about ultimate shareholder of I.D.F. Company Limited and Sariraporn Company Limited who are one of the top 10 major shareholders of the Company and do not list in SET are as follows;

(1) List of shareholders of I.D.F. Company Limited as of July 18, 2018

	Name	Share Amount	Percentage
1	Sinparadorn Company Limited	43,150	47.95
2	Saha Pathanapibul Public Company Limited *	17,644	19.60
3	Watsadoramai Company Limited	11,250	12.50
4	I.C.C. International Public Company Limited *	8,100	9.00
5	Mr. Boonsithi Chokwatana	3,006	3.34
Top 5 major shareholders shares		83,150	92.39
Others shareholders		6,850	7.61
Total shares		90,000	100.00

Source: www.bol.co.th

Remark * Saha Pathanapibul Public Company Limited and I.C.C. International Public Company Limited are listed in the SET and their shareholder information can be reviewed in SET's website.

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(1.1) List of shareholders of Sinparadorn Company Limited as of April 30, 2018

	Name	Share Amount	Percentage
1	Mr. Boonsithi Chokwatana	180,000	30.00
2	Mr. Boonkiat Chokwatana	120,000	20.00
3	Mr. Narong Chokwatana	60,000	10.00
4	Mr. Thamarat Chokwatana	60,000	10.00
5	Mr. Samreng Chokwatana	60,000	10.00
Top 5 major shareholders shares		480,000	80.00
Others shareholders		120,000	20.00
Total shares		600,000	100.00

Source: www.bol.co.th

(1.2) List of shareholders of Watsadoramai Company Limited as of April 27, 2018

	Name	Share Amount	Percentage
1	Mr. Boonsithi Chokwatana	31,996	79.99
2	Mr. Thitipoom Chokwatana	2,000	5.00
3	Miss Thanintorn Chokwatana	2,000	5.00
4	Mr. Thamarat Chokwatana	2,000	5.00
5	Ms. Thirada Amphanwong	2,000	5.00
Top 5 major shareholders shares		39,996	99.99
Others shareholders		4	0.01
Total shares		40,000	100.00

Source: www.bol.co.th

(2) List of shareholders of Sariraporn Company Limited as of April 20, 2018

	Name	Share Amount	Percentage
1	Miss Chadaporn Rungruangkanokkul	95,000	19.00
2	Miss Naphatsita Khumyaito	95,000	19.00
3	Mrs. Phuangrat Nareerak	95,000	19.00
4	Miss Urai Laosrinongkol	95,000	19.00
5	Mr. Setthanon Kunsen	40,000	8.00
Top 5 major shareholders shares		420,000	84.00
Others shareholders		80,000	16.00
Total shares		500,000	100.00

Source: www.bol.co.th

4. Board of Directors

List of Board of Directors of the Company as at December 31, 2018 are as follows:

List of Board of Directors of the Company as at December 31, 2018

	Name	Position
1	Mr. Yoshikata Tsukamoto	Advisory Director
2	Mr. Manu Leelanuwatana	Chairman
3	Mr. Masaya Wakabayashi	Vice Chairman
4	Mr. Boondee Amnuayskul	Managing Director / Director
5	Mr. Nozomu Otsuka	Director
6	Mr. Thamarat Chokwatana	Director
7	Miss Karunee Surai	Director
8	Mrs. Onanong Saengpumpong	Director
9	Mr. Kazuhiro Shibahara	Director
10	Mr. Mitsuru Sekiguchi	Director
11	Mrs. Kulpatra Sirodom	Independent Director / Chairman of the Audit Committee
12	Mrs. Punnee Worawuthichongsathit	Independent Director / Audit Committee
13	Mr. Krish Follett	Independent Director
14	Miss Waraporn Kulsawatpakdee	Independent Director / Audit Committee
15	Mr. Poolsak Boonchoo	Independent Director

Source: the Company

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The directors with signing authority on behalf of the Company are 2 of the 6 authorized directors who are Mr. Manu Leelanuwatana, Mr. Boondee Amnuayskul, Mr. Thamarat Chokwatana, Miss Karunee Surai, Mrs. Onanong Saengpumpong, and Mr. Nozomu Otsuka to co-sign with the Company's seal.

List of the Company's Management Team as at December 31, 2018 are as follows:

List of the Company's Management Team as at December 31, 2018

	Name		Position
1	Mr. Boondee	Amnuayskul	Managing Director
2	Mr. Nozomu	Otsuka	Deputy Managing Director
3	Mr. Thamarat	Chokwatana	Executive Director and Director of Marketing Division
4	Miss Karunee	Surai	Executive Director and Director of Human Resources and General Affairs Division
5	Mrs. Onanong	Saengpumpong	Executive Director and Director of Accounting and Finance Division / Chief Financial Officer
6	Mr. Suvit	Wongcharoenvutporn	Executive Director and Director of Fashion Apparel Division
7	Miss Natcharinthorn	Pongsupachintapa	Executive Director and Director of Human Science Research Division
8	Mrs. Siriwan	Vilassakdanont	Executive Director and Director of Vienna Product Division
9	Mr. Sompong	Rasameetham	Executive Director and Director of Innerwear Product Division
10	Mr. Metha	Supakorn	Executive Director and Director of Product Technology Division
11	Mr. Pojadech	Ketkratuk	Executive Director and Director of Children Wear Product Division

Source: the Company

5. The Summary of Financial Position and Performance

The following table provides a summary of financial information in accordance with the financial statement of the Group, audited by EY Office Limited, for the year ended 31 December 2016 - 2018.

**Summarized financial status and operating performance of the Group
for the year ended 2016 - 2018**

Thai Wacoal Public Company Limited and its subsidiaries	The Consolidated Financial Statement		
Balance Sheet (Unit: THB Million)	2559	2560	2561
Assets			
Cash and cash equivalents	61.78	32.99	167.71
Temporary investments	249.79	420.90	400.78
Trade and other current receivables	623.81	728.84	798.97
Other short-term loans	51.55	41.55	21.53
Inventories	1,225.29	1,109.49	1,302.01
Other current assets	20.95	19.86	22.37
Total Current Assets	2,233.16	2,353.64	2,713.37
Deposit at bank under obligation	6.84	2.06	2.06
Available-for-sale investments	1,469.35	1,670.65	1,503.86
Investments in associates	47.00	165.93	176.69
Other long-term investments	852.92	859.82	796.55
Investment property	676.99	713.57	709.98
Property, plant and equipment	1,350.33	1,257.31	1,227.76
Intangible assets	41.66	37.27	39.32
Leasehold rights	3.68	2.46	14.03

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Thai Wacoal Public Company Limited and its subsidiaries	The Consolidated Financial Statement		
Balance Sheet (Unit: THB Million)	2559	2560	2561
Other non-current assets	5.29	5.45	34.55
Total Non-Current Assets	4,454.05	4,714.52	4,504.80
Total Assets	6,687.21	7,068.17	7,218.18
Liabilities			
Bank overdrafts and short-term borrowings from financial institutions	18.00	-	-
Trade and other current payables	576.42	583.52	683.49
Current portion of financial lease liabilities	0.44	0.38	0.26
Current provisions for employee benefit	47.13	39.45	59.01
Current income tax payable	13.95	16.63	39.13
Provision for goods returned	30.00	30.00	25.00
Withholding tax payable	7.66	5.38	7.08
Others	5.15	7.10	11.07
Total Current Liabilities	698.74	682.48	825.04
Financial lease liabilities	0.65	0.26	-
Deferred tax liabilities	86.06	122.53	72.91
Provisions for employee benefit	462.08	497.76	509.13
Total Non-Current Liabilities	548.79	620.55	582.04
Total Liabilities	1,247.52	1,303.03	1,407.08
Shareholders' equity			
Authorized share capital	120.00	120.00	120.00
Issued and paid-up share capital	120.00	120.00	120.00
Premium on ordinary shares	297.19	297.19	297.19
Retained earnings	4,227.01	4,395.69	4,571.45
Other components of equity	795.24	952.04	822.24
Equity attributable to equity holders of parent	5,439.44	5,764.92	5,810.87
Non-controlling interests	0.25	0.22	0.22
Total equity	5,439.69	5,765.14	5,811.09
Total liability and shareholder's equity	6,687.21	7,068.17	7,218.18

Thai Wacoal Public Company Limited and its subsidiaries	The Consolidated Financial Statement		
Income Statement (Unit: THB MILLION)	2559	2560	2561
Revenues from sale of goods and rendering of services	4,138.46	4,362.54	4,606.05
Cost of sale of goods and rendering of services	(3,170.00)	(3,341.33)	(3,398.58)
Gross profit	968.47	1,021.21	1,207.47
Dividend income	80.50	81.87	78.15
Other incomes	94.46	102.14	95.99
Profit before expenses	1,143.43	1,205.23	1,381.61
Selling expenses	(100.23)	(131.68)	(266.06)
Administrative expenses	(588.44)	(625.47)	(671.72)
Management benefit expenses	(87.32)	(64.17)	(69.35)
Loss on impairment of investments	(4.69)	(8.07)	(75.42)
Gain (loss) on sale of investment	-	(5.19)	90.49
Profit before financial costs and income tax expenses	362.75	370.65	389.55
Financial cost	(4.28)	(0.27)	(0.08)

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Thai Wacoal Public Company Limited and its subsidiaries	The Consolidated Financial Statement		
Income Statement (Unit: THB MILLION)	2559	2560	2561
Shares of profit (loss) from investments in associates	(11.13)	(5.49)	10.71
Profit before income tax expenses	347.34	364.88	400.18
Income tax expenses	(36.36)	(40.20)	(44.40)
Profit for the year	310.98	324.68	355.78

Thai Wacoal Public Company Limited and its subsidiaries	The Consolidated Financial Statement		
Statement of Cash Flow (unit : THB million)	2559	2560	2561
Net cash provided by (used in) operating activities	361.16	397.60	206.21
Net cash provided by (used in) investing activities	15.76	(251.70)	109.00
Net cash provided by (used in) financing activities	(377.61)	(174.61)	(180.48)
Effect of exchange rate changes on cash and cash equivalents	-	(0.07)	(0.01)
Net increase (decrease) in cash and cash equivalents	(0.70)	(28.78)	134.72

Thai Wacoal Public Company Limited and its subsidiaries	The Consolidated Financial Statement		
Financial Ratios	2559	2560	2561
Liquidity Ratio			
Current ratio (times)	3.20	3.45	3.29
Quick ratio (times)	1.32	1.70	1.63
Cash flow ratio (times)	0.46	0.58	0.27
Account receivable turnover (times)	6.58	6.64	6.23
Average collection period (days)	54.71	54.22	57.78
Inventory turnover (times)	4.19	4.82	4.80
Day sales inventory (days)	85.92	74.69	75.00
Account payable turnover (times)	9.57	9.54	9.21
Average payment period (days)	37.62	37.74	39.09
Cash cycle (days)	103.01	91.17	93.70
Profitability Ratio			
Gross profit margin (%)	23.40	23.41	26.21
Net profit margin (%)	7.21	7.14	7.30
Return on equity (%)	5.86	5.80	6.15
Efficiency Ratio			
Return on assets (%)	4.68	4.72	4.98
Asset turnover (times)	0.65	0.66	0.68
Financial Policy Ratio			
Debt to equity ratio (times)	0.23	0.23	0.24
Dividend payout ratio (%)	50.17	55.44	60.72 *

Remark * the Company's Board of Directors meeting has passed the resolution to ask for shareholder's approval to pay dividend THB 1.80 per share in the Company's shareholder meeting which will be held on April 22, 2019.

Management Discussion and Analysis of The Group

Financial Performance

Revenue

During 2016 - 2018, the Group had revenue from sales and services amounting to a total of THB 4,138.46 million, THB 4,362.54 million, and THB 4,606.05 million, respectively from women's lingerie, outerwear and children's wear. Revenue in 2017 and 2018 increased by THB 224.07 million and THB 243.52 million,

equivalent to 5.41 percent and 5.58 percent increase compared to the previous year, respectively, due to the growth of revenue in both the domestic and international markets, details of which are as follows:

Domestic Revenue

In 2016 – 2018, the Group has domestic revenue of THB 2,960.89 million, THB 3,129.58 million and THB 3,358.53 million respectively, which accounted for 71.55 percent, 71.74 percent and 72.92 percent proportionate to total annual revenue from sales and services, respectively, which is equivalent to revenue growth in 2017 and 2018 of THB 168.69 million and THB 228.95 million, or an increase of 5.70 percent and 7.32 percent compared to the previous year, respectively. Such growth was due to increased sales promotion and continuous cooperation with distributors in expanding new sales channels such as Retail Shops, E-Commerce, TV Shopping, Catalog and Modern trade.

Foreign Revenue

In 2016 – 2018, the Group has foreign revenue of THB 1,177.57 million, THB 1,232.96 million and THB 1,247.52 million respectively, accounting for 28.45 percent, 28.26 percent and 27.08 percent proportionate to total annual revenue from sales and services, respectively, which is equivalent to revenue growth in 2017 and 2018 of THB 55.39 million and THB 14.56 million, or an increase of 4.70 percent and 1.18 percent compared to the previous year, respectively. Such growth was due to increased orders from overseas in line with continued global economic recovery.

Cost of Sales and Expenses

In 2016 – 2018, the Group has cost of sales and expenses of THB 3,170.00 million, THB 3,341.33 million and THB 3,398.58 million, respectively, accounting for 76.60 percent, 76.59 percent and 73.79 percent of the total revenue from sales of goods and services, respectively. The reason for the decrease of such ratio was mainly due to the Company's cost reduction plan, whereby the Group in 2015 established and began production at Myanmar Wacoal Company Limited as part of the expansion of its production base into AEC member countries where production costs were lower.

Sales and administration expenses for the year 2016 - 2018 are equivalent to THB 688.67 million, THB 757.15 million and THB 937.78 million, respectively, accounting for 16.64 percent, 17.36 percent and 20.36 percent of the total revenue from sales of goods and services, respectively. In 2017 and 2018, the Group had increasing sales and administration cost of THB 68.48 million and THB 180.63 million, or by 9.94 percent and 23.86 percent, respectively, compared to the previous year, due to increasing sales promotion expenses.

Net Profit

Net profit attributable to shareholders of the Group in the year 2016 - 2018 amounted to THB 310.95 million, THB 324.67 million and THB 355.76 million, respectively, or equivalent to a net profit margin of 7.21 percent, 7.14 percent and 7.30 percent in each of the years, respectively. Net profit of the Group in 2017 and 2018 increased by THB 13.70 million and THB 31.09 million or by 4.41 percent and 9.98 percent respectively compared to the previous year, respectively. The increase in net profit each year is due mainly to increasing revenue from sale of goods and services, and the increase in gross profit margin each year. In addition, in 2018 the increase of net profit was mainly due to recognition of profit from the sale of investment amounting to THB 90.49 million.

Financial Position

Assets

As at December 31, 2016 - 2018, the Group had total assets of THB 6,687.21 million, THB 7,068.17 million and THB 7,218.18 million respectively, comprising current assets accounting for 33.39 percent, 33.30 percent and 37.59 percent of total assets in each of the years, with the main current asset during 2016 – 2018 being trade and other receivables, equivalent to 9.33 percent, 10.31 percent and 11.07 percent of the total current assets each year, respectively. Meanwhile, non-current assets in 2016-2018 accounted

for 66.61 percent, 66.70 percent and 62.41 percent of total assets respectively, comprising available-for-sale investments of 21.97 percent, 23.64 percent and 20.83 percent of total non-current assets in each of the years, respectively.

In addition, in 2017 the Group's total assets increased by THB 380.95 million, or an increase of 5.70 percent compared with total assets as at December 31, 2016 resulting from the increase in available-for-sale investments and investments in associate companies. In 2018, total assets increased by THB 150.01 million, or an increase of 2.12 percent compared with total assets as at December 31, 2017 due to the increase in assets of the Group's business operations, including trade accounts receivable, other current receivables and inventories.

Liabilities

As at December 31, 2016 - 2018 total liabilities of the Group amounted to THB 1,247.52 million, THB 1,303.03 million and THB 1,407.08 million, respectively. When considering the total debt structure in 2016 - 2018, the Group had a proportion of current liabilities as a percentage of total liabilities in each of the years at 56.01 percent, 52.38 percent and 58.63 percent respectively, while non-current liabilities accounted for 43.99 percent, 47.62 percent and 41.37 percent of total liabilities respectively in each of the years.

In 2017, the Group's total liabilities increased by THB 55.51 million, or an increase of 4.45 percent compared with the previous year, due mainly to the increase in deferred tax liabilities and provisions for employee benefit in the said year. In 2018, total liabilities increased by THB 104.05 million, or an increase of 7.99 percent from the previous year due to the increase in trade and other current payables.

Shareholders' equity

As at December 31, 2016 - 2018 the Group had total shareholders' equity amounting to THB 5,439.69 million, THB 5,765.14 million and THB 5,811.09 million, respectively, with increases of THB 325.44 million and THB 45.96 million respectively in 2017 and 2018, equivalent to an increase of 5.98 percent and 0.80 percent compared to the previous year, mainly due to the increase in retained earnings of the Group in each of those years.

Liquidity

In 2016 - 2018, the Group had net cash flow from operations totaling THB 361.16 million, THB 397.60 million and THB 206.21 million respectively, mostly from profit before income tax. Net cash flow from investment activities in 2016 and 2018 amounted to THB 15.76 million and THB 109.00 million respectively, most of which came from sale of investment in available-for-sale debt instruments in 2016, and from sale of investment in available-for-sale securities in 2018. While in 2017, the Group had net cash flow used in investment activities totaling THB 251.70 million, mostly from the increase in temporary investments. Moreover, in 2016-2018, the Group had net cash flow used in financing activities amounting to THB 377.61 million, THB 174.61 million and THB 180.48 million respectively, mostly for dividend payment to shareholders and repayment of short-term loans to financial institutions.

6. Industry Conditions

The Group's main income is derived from manufacturing ready-made apparel products, namely women's lingerie, women's outerwear and children's wear for distribution in both the domestic and international markets. As such, the macro-economic situation, prevailing conditions in the ready-made garment industry and lingerie industry market conditions are factors which influence its business operations.

Overview of Thailand's Economic Situation in 2018

The Fiscal Policy Office estimated that Thailand's economy in 2018 (estimated as at October 2018) would grow by 4.5 percent, more than the previous year's growth of 3.9 percent based on employment growth resulting from the government's economic stimulus measures implemented around the end of the year, such as the state welfare card, as well as progress in state investment in the previous year in infrastructure

projects which may help to support growth of consumption and private sector investment, while government consumption remains the key factor supporting continuing growth of Thailand's economy this year in line with the continuing disbursement of central government's budget spending, with an estimation that public consumption and investment should expand by 2.6 and 5.1 percent respectively. Furthermore, private sector investment was expected to grow by 3.9 percent compared to the previous year. As for external demand, it was expected that the volume of exports of goods and services would grow by 4.6 percent, a decrease from last year, due to little improvement in terms of economic recovery of trading partner countries, combined with the trade protectionist policies of the US as well as retaliation from various countries.

Economic Projection for the year 2016 - 2018

(Unit: % per year)	2559	2560	2561F (as of October 2561)	
			Average	Range
1) GDP growth rate	3.3	3.9	4.5	4.3 - 4.7
2) Real Consumption Growth				
- Real Private Consumption	3.0	3.2	4.2	4.0 - 4.4
- Real Public Consumption	2.2	0.5	2.6	2.4 - 2.8
3) Real Investment Growth				
- Real Private Investment	0.5	1.7	3.9	3.7 - 4.1
- Real Public Investment	9.5	-1.2	5.1	4.9 - 5.3
4) Export Volume of Goods and services	2.8	5.5	4.6	4.4 - 4.8
5) Import Volume of Goods and services	-1.0	6.8	7.8	7.6 - 8.0
6) Trade Balance (USD billion)	36.5	32.4	20.9	20.7 - 21.1
- Export Value of Goods in USD	0.1	9.7	8.0	7.8 - 8.2
- Import Value of Goods in USD	-5.1	14.0	16.0	15.8 - 16.2
7) Current Account (USD billion)	48.2	49.3	39.5	39.3 - 39.7
- percentage of GDP	11.7	10.8	7.7	7.5 - 7.9
8) Headline Inflation	0.2	0.7	1.2	1.0 - 1.4
Core Inflation	0.7	0.6	0.8	0.6 - 1.0

Source : Fiscal Policy Office, National Statistical Office Thailand

Thailand's Lingerie Industry Market Conditions

Demand

The population statistics of the Department of Provincial Administration indicate that the proportion of the Thai population in December 2018 comprised 33.86 million female, compared to 33.72 million in December 2017, an increase of 134,111, which should result in a trend of higher demand for women's underwear. Factors which impact consumers' decision-making to purchase lingerie are differentiated by each of the different age groups as follows:

- As children, their parents would mainly decide what to buy.
- As teens or adolescents, their decision would be based on design, fashion, functionality and taste.
- As working adults, their decision would be based on functionality and design.

Moreover, lingerie is an essential garment and has limited life, thereby being another factor which supports continuous and increasing demand. Consumer demand for lingerie in the past has generally seen slight growth.

Supply

Domestic manufacturers of women's lingerie comprise 3 groups classified by production capacity, namely major manufacturers, medium manufacturers and small manufacturers, with the number of manufacturers increasing due to growth of sales via E-Commerce channels resulting in higher supply. In addition, other factors impacting on increasing supply are companies which import leading branded products from overseas, who are able to sell at lower prices because such products are made in China and other countries at lower cost, while department stores are also beginning to produce their own branded products for distribution.

Domestic Competition

The domestic lingerie market continues to be very competitive at every price level, whether in terms of product quality and services, design, price, sales channel and sales promotion activities. The major players in the lingerie industry are Triumph International (Thailand) Co., Ltd., manufacturer of lingerie under the trademark “Triumph”, and Sabina Plc manufacturer of products under the brand “Sabina”.

Additionally, there are a large number of small manufacturers to accommodate consumers who base their purchase decision mainly on pricing. If the market share is divided in terms of volume, the Company would have the largest market share, followed by Sabina Plc and Triumph International (Thailand) Co., Ltd. Up to now, Thailand’s economic situation has been static, resulting in low growth in the overall market for lingerie due to the fact that there is no increase in consumers’ purchasing power and consumers have more choices in terms of buying cheaper products and tend to buy only when there are sales promotion activities, especially discounts or special prices, rendering the domestic market being highly competitive in terms of pricing. Moreover, competition also comes from leading branded lingerie producers from foreign countries, such as France and the US, competing for consumers in the high-end market, and producers and importers from other countries where production cost is low, such as the People’s Republic of China, who compete in the market for cheaper lingerie, resulting in the overall domestic market situation for lingerie being highly competitive.

Import of Lingerie Products

Value of Ladies’ Lingerie import of Thailand for the year 2016 – 2018

Value : THB Million	2559	2560	2561
China	3,818.58	4,674.38	5,427.55
Vietnam	501.08	573.55	749.40
Hongkong	779.98	806.07	776.33
Cambodia	411.30	748.96	787.49
Belgium	238.78	227.21	232.53
Bangladesh	264.45	280.81	271.44
Myanmar	46.71	109.50	165.71
Italy	79.02	97.48	152.52
Japan	283.78	191.06	276.10
Turkey	141.80	137.02	149.86
Portuguese	131.10	140.48	158.09
Sri Lanka	100.56	125.02	128.71
Indonesia	116.35	147.41	247.74
Pakistan	13.14	15.79	35.87
Jordan	5.41	5.81	26.49
Total 15 countries	6,932.0	8,280.6	9,585.8
Others	520.8	499.9	639.0
Total Import Value	7,452.81	8,780.40	10,224.83
Growth rate (%)	28.16	17.81	16.45

Source : Ministry of Commerce

From the Table, the trend for imports of lingerie products had high growth potential in 2018, as high as 16.45 percent/annum, with the import in 2017 posted at THB 8,780.40 million and expected to continuously rise, both from domestic consumption and from larger numbers of tourists who come to visit and purchase more products in Thailand, resulting in foreign manufacturers exporting more to Thailand, including products from Europe and the US. Moreover, production costs of lingerie in Thailand is rising, resulting in many Thai manufacturers beginning to move production to foreign countries and subsequently importing the products into Thailand for distribution.