

1. Nature of Corporate Business

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

The Company also conducts wholesale business through shops and department stores both in domestic and international markets. Most of our company's products are in the line of fashion and beauty as can be described in our slogan "We make people happy and beautiful".

- Cosmetics and Perfumeries Industry

From its incorporation in 1964, the Company's core business has been in the sale of cosmetics under the Japanese brand name PIAS. Since then, the Company has expanded our cosmetic business by continuously introducing various other brands, such as BSC Pure Care, Sheene, Arty Professional, Honei V. In October 2005, the Company introduced a new cosmetic brand - BSC COSMETOLOGY, under Saha Group brand for international marketing. Compact powder is the main product for advertising to create brand awareness within the target group. The celebrity and testimonial marketing approaches have been adopted by using celebrities as its presenter to generate trial interest. Consumer behaviors have changed considerably in line with advancement of technology, especially cloud technology. The introduction of new communication system such as LINE Application enhances more rapid communication and access to consumers immediately, as well as being a new channel of sales.

- Women's Wear Industry

The Company has been promoting every brand of women product groups which we have dealership on a continuous basis. There are 5 main brands: Wacoal, BSC, BSC Signature, Elle and Kullastr. By adding variety to products as well as functionality, customers can choose to wear them appropriately to suit the occasions, combined with showcasing our outstanding innovations, result in customer awareness of our consistent and continued product developments.

- Men's Wear Industry

The Company is the distributor of men's wear under such brands as Arrow, Excellency, Daks, Guy Laroche, Guy Guy Laroche, Elle Homme, Lacoste, Getaway, BSC Cool, Hornbill, Gunze, Mizuno, Le Coq Sportif, Maximus and Felix Buhler. The main distribution channels are department stores in Bangkok and upcountry, with regular sales personnel providing product advice and after-sales service. A new distribution channel has also been opened in discount stores, as well as in shops that have opened in shopping malls, TV channel and E-COMMERCE.

2. Revenue Structure

The Company classified revenue as 3 principal segments are as follow:

(Unit: million baht)

Product Line	2018	%	2017	%	2016	%
Cosmetics, toiletries & perfumeries	1,142.32	8.54	1,273.62	9.44	1,299.79	9.65
Women's apparel	4,587.85	34.30	4,491.63	33.31	4,388.00	32.59
Men's apparel	3,131.27	23.41	3,211.01	23.81	3,356.02	24.92
Others	3,488.20	26.08	3,470.71	25.74	3,571.57	26.52
Other income						
Dividend income	528.01	3.95	469.66	3.48	526.68	3.91
Gain on disposal of property, plant and equipment and investment properties	33.62	0.25	82.48	0.61	35.18	0.26
Gain on disposal of investments held as available for sale	169.20	1.26	242.62	1.80	-	-
Share of profit investment in associates	48.55	0.36	28.73	0.21	51.13	0.38
Others	247.79	1.88	215.85	1.60	237.58	1.76
Total Revenue	13,376.81	100.00	13,486.32	100.00	13,465.95	100.00

3. Major changes and activities in 2018

- **BSC Cosmetology**

Established: October 2005

BSC Cosmetology has seen the change in Thai consumers' behavior toward a preference to search for information through social media and the Internet more than previously. They spend more time each day to surf the Internet and are more confident to buy goods online or through E-Commerce than ever before. Additionally, as we joined in Lazada's grand campaign the 'Birthday Lazada 11.11' and the 'End of Year Gifts 12.12' campaign, our sales saw increases in leaps and bounds reaching 3rd on the top best-sellers list of cosmetics in Thailand; inter alia there was the launch of special campaigns 'Pope's (nickname of a superstar presenter) Girl uses BSC', and 'Beauty to the Universe'. We also joined Lazada's online livestream, the considerably proactive channel, resulting in ongoing sales increase. Moreover, we further expanded our online business to access a wide variety of target groups and rendering sales whether via Shopee, Convey, Seven-Eleven Online Catalogue, O-Shopping, etc., including www.eThailandBEST.com, a new online sales channel of our company which has a very favorable response from consumers. At the same time, the Company simultaneously widened its online customer base to include new target groups of all ages and gender. In the past year, the Company's cosmetics products hit sales growth up to the Top of Best-selling Brands of Thailand-BEST channel. BSC Cosmetology, consequently, shifted its marketing strategy to satisfy the requirements of target groups by proportionately increasing its marketing communication via online digital media. Additionally, viral VDOs have been produced to enhance the image and the product brands to be widely known, as well as reviews of the products by blogger and influencers whom consumers trust. With respect to the upgrading of quality of the products, BSC Cosmetology has continually developed several innovations. In 2018, BSC Cosmetology launched a campaign with the hottest actor of the year 'Pope-Thanawat' as its first male presenter under the concept 'Pope's girl uses BSC' and organized vigorous marketing activities to introduce its new collection, the 'BSC Orchid Collection', a line of make-up products with consecutive growth in the cosmetics market. To this end, every marketing communication channel is applied aiming to maintain the company's original customer base and reach prospective new customers so as to encourage them to gain more collective experience with our brand.

- **Arty Professional by BSC** : Presented the Concept "Be Your Own Pro" to be beautiful in your own style with professional make-up application. There are diverse items of products to choose from, for multiple purposes to suit customers' requirements with complete functional technique recommended in a simple way. This ensures beauty under a comprehensive professional make-up care regimen such as skin adjusting products, color shading products and skin nourishing products.
- **Sheene'** : Presented the line of skin nourishing products called "Sheene' Water Beauty" Concept for teenagers, which prevent fine lines and wrinkles at their first appearance. Sheene' Water Beauty is simply used under the support and service model at mobile beauty stations of Sheene' Water Beauty that directly serve beauty to young women of the digital era, enabling them to gain a new form of experience of cosmetics shopping and access options to suit their lifestyles.
- **Pure Care** : Presented "Skin Expert" Products that provide solutions to all skin conditions. It still maintains a component of 'lotus spirit', extract of the Lotus flower pollen, and pure natural power, so it is safe and mild even for sensitive skin.
- **Wacoal Lingerie** :

In 2018, the Company as the leading distributor in the lingerie market has upgraded its products to be even more distinctive whether in terms of cloth texture, design or functionality, while at the same time continuing innovation development with the aim of manufacturing outstanding and interesting products. Our marketing strategies were also adjusted to be more responsive to consumers' changing lifestyles, especially their preference to select consumer goods through the digital world thereby allowing multiple purchase options available for them via both online and offline sales channels. In this connection, the Company has launched the campaign 'Wacoal Ensures All Beauty' to reassert its position as the leading lingerie brand in Thailand including a proactive marketing program for Wacoal Wireless Bras via online and offline strategies so as to maintain existing customer base and extend new age customers of all age groups who have active, modern and comfort-loving lifestyles where wireless bras more likely fit their shape beautifully. In addition, the Company also implemented integrated marketing to promote other product lines such as the Shape Beautifier whereby the Body Base products were launched based on the Triple Effect innovation: weaving 3 types of textile fibres within one piece of fabric able to shape, level out and closely fit the body, rendering a beautiful contour so that wearers can unveil their shape confidently. For every product line, proactive marketing was implemented both online and offline to promote a diversified variety of communication that provide better access in response to consumers in the new-age era. Moreover, the Company has analyzed its customer information and developed this into Big Data to better understand their purchase behavior and develop lingerie innovation focusing on the consumers' highest satisfaction.

- **Arrow : Fabric-Design Innovation**

Arrow No. 5: a collaboration between Arrow and the Electricity Generating Authority of Thailand (EGAT) as part of a joint energy-saving campaign encompassing both product production and usage which render electricity-saving. Arrow is the first brand which passed such testing criteria and is the only brand of menswear available in the market, which complies with the above-mentioned criteria.

The outstanding qualities of Arrow No. 5:

- No ironing required;
- Electricity-saving, economical and time-saving;
- Cool when wearing

Arrow Max Move : Excellent slacks providing comfortable wear, freedom of movement, manufactured using innovative technology of fabric and tailoring, having special properties that provide excellent elasticity and high flexibility. The innovative fabric is woven from fibers with properties to render smoothness, moisture absorption and ventilation. No ironing required. This product is highly flexible and retains shape, providing comfort, proper fitting, smoothness and easy care. Its delicate tailoring in every process enables the most comfortable wear.

- **Lacoste : Exotic Look**

Lacoste introduced novelty with its Leather Goods Shop in Shop; the first and only one in South East Asia. A Mood & Tone Lacoste Shop has been created as a department store counter, decorated in an exclusive and premium style offering high quality leather goods for ladies, in all new collections of every color and style responsive to all requirements at Central Pinklao Shopping Center, the popular shopping mall of people of all lifestyles.

- **Lacoste : Creative Innovation**

The new look Lacoste Boutique, Le Club New Store Concept: Number One Largest Store Le Club Concept in the World @ Central World.

Lacoste returns with a new look under the concept of lifestyle perfection, Le Club from France-the Lacoste Flagship Store, Central World Branch, 2nd Floor, the only store in Thailand as well as the largest 'Le Club' in the World with over 500 square meters in the heart of Bangkok fitted with large Polo bar and carrying the most range in terms of colors and designs. It meets customers' demand for variety and designs which are available in several sizes including the highlighted item, the newly launched iconic 'Paris Polo Shirt', produced based on the concept of integrating fashion innovation which is typically and perfectly iconic. It is the new designed polo shirt based on the original style of polo shirts (L.12.12); a combination of the uniqueness of leading sportswear and ultimate chic, ultramodern and on trend, upgraded with distinctive design from head to toe. It is the epitome of the leading classic polo shirt that won the hearts of people the world over. In the shop, there are apparel and accessories for ladies, gentlemen and children including leather products, bags, belts, shoes, perfume, watches, glasses and men's underwear considered to be one stop service for Lacoste Thailand which also provides custom monogram embroidery service on Lacoste polo shirts during special festive occasions in addition to its Surprise Delivery service to deliver those specially monogrammed polo shirts to their special recipients. You can follow the variety of Lacoste collections at www.lacoste.co.th and www.facebook.com/lacostethailand.

- **Lacoste : Technological Innovation**

Lacoste joined hands with Orthorite to produce shoe soles with 5 outstanding qualities: antibacterial properties, better air flow, comfort, durability and reusability.

Industry Conditions and Competition

1. Cosmetics and Perfumeries Industry

- State of Competition

State of Competition can be considered according to the following distribution channels :

1. Counter sale The cosmetics market is highly competitive, due to the continuing entry of new brands in the market. The market posts continuing growth every year and intense market competition continues to rise, resulting from the higher number of players in the market while brand loyalty tended to decline. Despite adverse economic and political problems, cosmetics and beauty care products still show promise for sales growth given the fact that most Thai women still care about looking after themselves. In 2018, BSC Cosmetology has adjusted its public relations model to gain highest access to all consumer groups. Nowadays, most people tend to follow news of popular stars which considerably affects the sales of goods. In response to this media consumption behavior and to efficiently gain access to prospective consumers, BSC Cosmetology therefore implemented a communication strategy to have popular

celebrity star 'Pope (nickname) or Thanawat' as its presenter under the concept 'Pope's Girl Uses BSC'. This campaign is measured from the number of hashtags in Twitter that hit the 1 ranking of the country. However, television remains a significant channel for advertising the brand to stimulate brand recognition to a wide audience, combined with online advertisement aimed at gaining fast access to customers. Movie theatre media, billboard media, as well as electronic media at airports, BTS sky train and MRT subway stations are also significantly taken into account because they are easily accessible to the public. The counter brands additionally implemented further marketing strategies by organizing vigorous sales promotion activities such as distribution of free premium limited edition products for trial use to impress prospective customers. BSC Cosmetology also applied AI technology to make the products look new, distinctive and modern.

2. Discount Store Presently, discount stores implement intensive and tough strategies in terms of pricing and expanding branches into large communities whether in Bangkok or the surrounding areas or the major provinces in all regions nationwide. This widely impacts on manufacturers, original market intermediaries or traditional trade, both wholesalers and retailers as well as smaller community stores. With respect to wholesalers and retailers, the Company has modernized administration and expanded branches to rural areas outside provinces and districts serving as their wholesale and retail representatives in each community particularly aiming at the real customers under the one-by-one marketing basis. BSC Cosmetology implemented said strategies to seize opportunities in advantageous geographical areas before its competitors by means of widely expanding branches into communities or various areas with intention to create 'Economy of Scale', partnering with local retailers and releasing new products particularly suited to the discount stores, as well as to vet and select products in which it is confident of quality, so that the products can be rapidly sold and highly competitive compared with its rivals.

- **Product Acquisition**

In terms of production, currently 90% of all of the Company's cosmetic products are manufactured domestically, mostly by International Laboratories Corp. Ltd., and S & J International Enterprise Plc., both of which belong to the Saha Group and are under the quality management of ISO 9001. Another 10% of the Company's products are imported.

In terms of product development, global sourcing involves the search for ingredients and packaging from all over the world.

- **Industrial Trend and Future Competition**

Cosmetics remain the fifth requisite of women, especially in the make-up market. The main products promoted to enhance the growth of the make-up sector are those in regular use such as eyebrow pencils, foundation powder and lipsticks, of which such growth can be attributed to demand for emotional fulfillment because make-up helps users feel more self-confident. Therefore, there remains large growth potential for make-up products in comparison with the entire market share of the beauty sector. In addition, the market trend focuses on online sale as it is apparent that such sale channel has dramatically grown in leaps and bounds. In the future, this channel is likely to become another major distribution channel.

2. Women's Wear Industry

- **State of Competition**

1. Competitive Situation

Competitive strategies in 2018 included the following:

- **R&D for Women's Lingerie**

Due to rapidly changing consumers behavior, it was important that the Company focused on consumer behavior research and analysis to improve and develop products. Big Data has been developed to enhance production planning to more efficiently meet consumers' demand, both in terms of sufficient quantity of products available as well as to product development to more effectively satisfy the target groups. Additionally, the Company has taken consumers' needs into account as a guideline for the launch of new products. The factory, merchandiser and sales department have worked together as One Body, starting from brainstorming to design products to meet consumers' needs in every age group, size, cup and lifestyle in terms of functionality and fashion based on good quality products. In the meantime, the Quick Response Management System (QRMS) was applied which resulted in more effective product management in shops as goods are sufficiently available and coincide with customers' demand to ensure customer satisfaction, while reducing loss opportunity for sales, expediting transportation and distribution to shops, as well as promoting more efficient and effective inventory management. As a result, the lead time for delivery and loss opportunity for sales decreased, hence product management is more effective.

- **New Consumer Expansion and Maintain existing Consumer**

To retain existing customer base systematically, the Company focused on giving customers continuing satisfaction through a variety of activities that impressed its existing customers of all ages ranging from counter sales promotion activities or giving special privileges.

In addition, the Company has implemented efficient administration of existing customers through His & Her Plus Point card, in order to build up good relationships with customers. Interesting activities are created so as to encourage participation of customers and render good impressions of the brand, as well as introduction of good service standard system in Customer Relationship Management (CRM), thereby customers are provided with several benefits either discount in purchase of products or premium items that continuously increase sales each year from the points accumulated by His & Her Plus Point card membership.

New Customer Acquisition Strategies have been mapped out in 3 parts:

- Maintaining and expanding existing customer groups to potential new customer groups: The Company has continually marketed products among their long-time loyal customers under the strategy of original customers recommending our good quality products to a younger generation of customers to build market share among female teenagers. The Company has undertaken rebranding of First Bra products for young women, becoming 'Wacoal Bloom' via multiple advertising media effectively achieved through fast communication with accessible and simply understood information gradually resulting in new customers. Moreover, sales promotion activities to customers' liking were launched to stimulate purchases and favorable communication by key influencers on social media was promoted to prospective customers.
- General customers, having never used the Company's products: The Company focused increasing efforts on more modern product design and manufacture to appeal to fashionable customers. In that connection, Wacoal Mood launched a line of products in collaboration with the famous painter 'Oh Futon', in ultra-modern designs and directly and most effectively posted to online customers, i.e. teenagers and working age customers, utilizing multiple marketing strategies in line with people's modern lifestyles through both offline and online media such as advertisements on television, newspapers and magazines. In addition, out-of-home media, media in department stores, media in movie theatres, social media channels such as Facebook, Fan Page, IG, Line, Email have also been used, which can save more time, expenses and provide ready access to targeted customers. This also includes building up relationships with TV Shopping channels for digital and cable TV advertisements. Giving special privileges to targeted customers for brand experience through physiological expertise and good services enabling increase in sales of every product line according to the set targets. Additionally, Wacoal has expanded markets to new customers in AEC, namely Myanmar, Cambodia and Laos through the online channels, i.e. Facebook so as to communicate with prospective customers, thereby expanding its customer base in AEC.
- Consumers with Cross Product Experience: The Company has offered special prices for some recommended items for buyers in order to create brand awareness and trials of other products of the Company.

- **Omni Channel Marketing**

Nowadays, fierce competition in ladies lingerie has been found in various distribution channels, starting from traditional channels such as department stores, discount stores, the Company's shops, necessitating the extension of sales to multiple online channels or TV Shopping. Growth in these new channels is expected to increase yearly due to its easy access and ability to meet customers' demand more rapidly and completely. As such, the Company has partnered with famous online sales websites, TV shopping channels or catalogue sales as the channels are those whereby producers can communicate their product innovations completely and totally while allowing consumers to be familiarized about the innovation of products before connecting them to visit the points of sale at Department Stores to see the real products. Such are components of Omni Channel marketing which is expected to post further growth in line with the changing consumers' behavior in this modern age.

2. Number and Size of Competitors

Only integrated business can survive in the various industries. However, women's lingerie is a specific industry, which has many challenges in entering the market, starting from importing raw materials, local production of some raw materials, sewing technique and distribution method that requires agents such as department stores or discount stores. The Company continues to place significance on all trading partners whether old channels or new, allowing it to retain and develop its potential to expand its customer base to all consumer groups and effectively respond to customer needs.

3. The Company's Status and Potential for Competition

The Company pays attention to new distribution channels as well as the purchase behavior of customers that is different in each channel. During the past year, the Company has adjusted its approach to proposing contents that are more appealing to the target groups, especially online customers who are likely to grow rapidly. In that connection, the Company uses integrated communication tools via 360° of online channels such as employing influencers of its business alliance media to assist in disseminating contents, adapting online communication methods to gain access to target consumers, resulting in the Company getting good feedback as evident from growing sales, both in number of pieces and amount of monetary gain. To this end, the Company additionally aims at further extending

its market base for the future. In the past year, the Company collaborated with Lazada, the major E-Commerce organization in South East Asia, by fully taking products to sell in this online channel in order to widen the distribution base of the Company to rapidly increasing online customers.

- Product Acquisition

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

- 1) Thai Wacoal Plc., manufacturer of Wacoal.
- 2) Pattaya Manufacturing Co., Ltd., manufacturer of Kullastri, BSC, BSC Signature, Elle.

Suppliers of raw materials for both these companies are Textile Prestige Plc., Thai Takeda Lace Co. Ltd., and Thai Sakae Lace Co. Ltd., all three of which belong to the Saha Group with manufacturing standard accreditation of ISO 9001. Research and development of new materials have consistently been undertaken resulting in an advantage over competitors in terms of having a wide and diverse range of raw materials and also lower production costs.

- Industrial Trend and Future Competition

The overview of overall trends for the textiles and garment industry shows possible growth in both production and export sectors. Most of the production is for ASEAN market, due to the advent of the ASEAN Economic Community since the end of 2015, rendering increasing opportunity to expand production capacity, not to mention the increasing size of consumers' market from a population of 60 million to 600 million, which is a huge market with high potential.

In 2018, the Company still focused on research and development of new innovations and technology in designing women's apparel suitable for Asians and coinciding with consumers' behavior for every age group, lifestyle and fashion. This is based on creating good and quality products at worthwhile prices, using integrated product management systems to retain reasonable level of inventory to balance with sales volume-not too much nor too little, while also increasing transportation channels to distribute products to shops more rapidly instead of retaining large amounts of inventory at shops, as well as implementing strategies to create effective production to meet consumers' lifestyles in this Digital Age as much as possible.

3. Men's Wear Industry

- State of Competition

In 2018, menswear sales in department stores have decreased marginally in comparison with the previous year with continued decline in spending among consumers due to economic factors. Consumers were deliberately more selective to choose good quality products than previously, and continued taking into account the ongoing innovation of goods.

In addition, most producers emphasized pricing methods whether offering discounts, redemptions, giveaways and distribution of premium goods to stimulate sales and minimize products in their stocks, but rarely conducted new marketing campaigns. Many of them had to develop their production efficiency to achieve lower costs, and to ensure flexibility in management for higher competitiveness. In addition, they have to set aside budget for marketing activities for competitive advantages in the long run.

As far as the state of competition is concerned, some advantages still prevailed, namely:

1. The Company's menswear has created a wide range of product lines (portfolio) which can cover the whole target market in many various segments, resulting in wide distribution and a strong market share as well as the balance of negotiating power in distribution.
2. The Company's products are well-known and well-accepted for their high reputation and quality.
3. The Company's products have undergone development and it had successfully and consistently launched innovations into the market owing to support from major suppliers (belonging to the Group). There is an expansion of factories to cater for this growth, from the thread-spinning factory, dyeing factory, cloth decoration factory to ready-made shirts manufacturing factories, to support the Company in its potential to create a constantly growing market share.
4. The Company has strong personnel with good habits of thought and the determination to achieve corporate targets and they are consistently ready to learn and improve.
5. The Company has a Big Data policy to analyze relevant data and customer behavior ('Descriptive Analysis') and to make projections into future trends of customer demand ('Predictive Analysis') in order to be able to better respond to consumers' needs.

- **Product Acquisition**

The Company has acquired products from 3 major suppliers, namely:

1. Thanulux Plc., manufacturer of shirts, T-shirts, suits, bags and leather goods.
2. People's Garment Plc., manufacturer of T-shirts and trousers.
3. Bangkok Tokyo Socks Co.Ltd., manufacturer of socks.

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

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

- **Industrial Trend and Future Competition**

Although the market remains sluggish, the industry at large tends to remain stable and continue growing because consumers still continue to pay more attention to their dress. Meanwhile, fierce market competition is expected to rise due to foreign rivals including influx of cheap products from the People's Republic of China. Local producers will have to analyze the market and consumer behavior in each area, create innovations in various forms in terms of products, marketing channels and develop strengths of each product for each target group of buyers in order to survive in the market amid the more intense competition.