



NEW
BUSINESS
ERA

ANNUAL REPORT

2014

INTEGRITY
QUALITY
SERVICE

SAHA-UNION PUBLIC CO.,LTD.

INTEGRITY

QUALITY

SERVICE

VISION

A leading and reliable investment Company engaging in diverse business activities, managing the investments for the Company's growth and long-term stability with sound return on investments

MISSION

- To develop the growth and stability of existing businesses.
- To enlarge/extend the businesses that members of the Group are adept and well versed.
- To administer existing investments while exploring new opportunities offering long-term potential and sound return on investments.
- To groom new generation of knowledgeable and efficient executives with leadership quality, those who could blend well with the Company's cultures, uphold integrity, quality and service.
- To promote and avail the employees the opportunities to continuously develop their knowledges and skills.
- To persistently instil the Company's good will.
- To regulate the administration of the Company for efficiency, transparency and conformity with international auditing standards, in order to increase the value and obtain optimum results for the Company, all participants and stakeholders, i.e., employees, shareholders, investors, customers, trade partners, creditors, competitors, communities, societies and the Country.

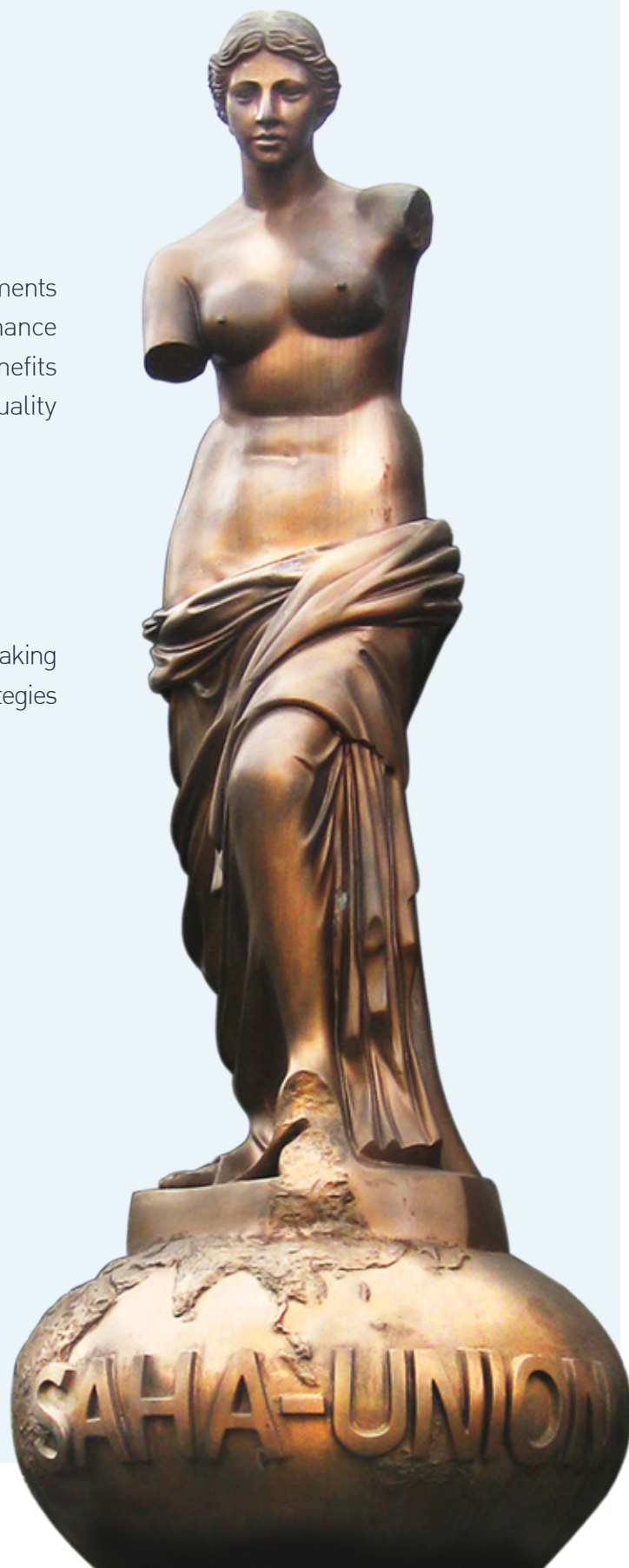


GOAL

The Company's goal is to conduct business by investments in various businesses with a system of good governance and growth in order to strive to maximize the benefits to all stakeholders under the moral of integrity, quality and service.

STRATEGY

To invest in the businesses with appropriate returns by taking into account the risks potential accordance with the strategies to meet the situation may change in the future.





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MAJOR FINANCIAL INFORMATION AND RATIO

(Unit : Million Baht)

Saha-Union Public Company Limited (Consolidated)	2014	2013	2012
			(Restated)
Total revenues	10,825.9	10,835.4	11,008.5
Revenues from sales and services	9,685.8	9,418.1	9,332.8
Gross profit	1,219.4	1,137.5	945.6
Profit for equity holders of the Company	1,003.3	938.5	1,209.5
Total assets	22,136.9	21,474.5	23,435.4
Total liabilities	2,823.9	2,627.4	5,786.0
Total shareholders' equity	19,313.0	18,847.2	17,649.4
Earning ratio (%)	9.27%	8.66%	10.99%
Earnings per share (Baht)	3.46	3.24	4.17
Book value per share (Baht)	61.32	59.95	55.87
Net asset value per share (Baht)	61.32	59.95	55.87
Return on assets (%)	4.60%	4.18%	5.32%
Return on equity (%)	5.71%	5.59%	7.65%
Debt to equity ratio (Times)	0.16	0.15	0.36

Saha-Union Public Company Limited	2014	2013	2012
			(Restated)
Revenues	2,760.9	3,065.0	2,232.7
Sales and service income	1,283.7	1,137.1	1,075.1
Export sales	536.4	488.1	470.4
Local sales	747.3	649.0	604.7
Gross profit	18.2	19.8	13.3
Profit for equity holders of the Company	1,205.8	1,449.8	1,018.0
Earnings per share (Baht)	4.02	4.83	3.39
Dividend per share (Baht)	1.75	2.00	1.50
Book value per share (Baht)	45.81	43.70	40.75

BOARD OF DIRECTOR'S REPORT



We pledge our readiness in business operation and management with full potential, and will continue to adhere to the corporate culture-that is integrity, quality and service, to ensure its corporate governance and to raise awareness of corporate social responsibility in a bid to achieve a sustainable growth which will be useful to all stakeholders. The Company has an anti-corruption policy, with an internal control system established to prevent our business operations from involving corruption. This is the policy that the Company has followed consistently. We also recognize the importance of responsibilities for the society and environment. We have improved our work procedures to comply with the concept of sustainable development, so as to make the Company sustainably strong and thriving.

S. Jirapakkana

Miss Sriwarin Jirapakkana
Chairman



At the end of 2014, several countries' central banks tried to adjust their financial measures and policies in order to fight against the constant global inflation. Oil prices fell significantly. Commodity demand from China, a main consumer, gradually went down. These could contribute to persistent inflation. As a result, the economy was slowing down and a global recession was likely to occur. Although many countries' central banks tried to fully inject liquidity with economic stimulus so as to push back the inflation such as quantitative easing, policy interest rate adjustment, and pulling down the currency. In other Asian countries, pulling down the currency was not only for an anti-inflation purpose, but also for their competitiveness.

Thailand's economy at the end of 2014, although there was some expansion due to the unfolding political situation, the growth rate was very low. Therefore, there is only little economy-driving force for 2015. Thailand's economy is still recovering. The exchange rate wildly fluctuates. Investments are dull. It is expected that 2015 is going to be another year of low economic growth, since consumers still lack purchasing power, while household debts are higher, in spite of the positive factor - oil price drop. Because of Thailand's reliance on oil as the main fuel, particularly the export, tourism, and industrial sector, production cost falls, thus encouraging manufacturers to lower their product prices, increasing the purchasing power of public and business sectors. This will stimulate the growth of domestic spending.

In the past years, Saha-Union has been studying and seeking for new investments. Industrial businesses, despite their good returns, there are risks on competitiveness in the long-run. So as to maintain our growth, there were several changes in 2014. In April 2014, Union Technology (2008) Public Co., Ltd. registered its liquidation; the procedure is currently on-going. In May 2014, a new subsidiary was established, which is called "The Royal Hotel Co., Ltd" (RH). The Company's shareholding proportion is at 96%. The subsidiary was intended to invest in purchasing the business of Hilton Hua Hin Resort and Spa, located in Hua Hin District, Prachuap Khiri Khan Province. It was the Company's new field of investment, with invested capital of Baht 3,200 million, to engage in hotel business and related businesses. The hotel was able to be instantly operated. This is a new opportunity to expand the investment even further. Although the short-term income is not so high, it will generate good returns in the long run. The asset values will be likely to increase, due to the hotel's location in the most expensive area in Hua Hin. The downtown district itself is gradually developing.

For Saha-Union's various operations, in 2014, each business shows its performance and changes as follows.

Textile Business was affected by the constant economic recession among EU countries which are our main markets, as well as other factors such as the fluctuation of exchange rate and cotton price, and higher competition on price from rivals due to their lower cost of labor. However, the Company's products still have advantages on those of rivals for our reliable quality that meets customers' needs, as well as satisfying punctual delivery.



Plastic, Rubber, and Metal Businesses

- The production of vacuum bottles has been gradually improved and expanded its capacity. On 14 May 2014, there was a fire incident at the paint spray chamber of the factory in Bang Chan, causing a rise in production and transportation cost because the Company needed to hire a temporary outsource for painting during the new factory construction. Fortunately, the situation was fixed shortly and well-organized. The performance thus was not affected.

- The production of rubber by a Group Company is mainly standard quality block rubber in order to meet the needs of other Group Companies. There have been plans for new products such as white crepe rubber and smoked sheet rubber. In 2014, since rubber is an agricultural product, the amount of latex, the main material, relies on the seasonal climates. Rubber price fluctuates. It is difficult to have a fixed price that matches the production cost. The Company had to reduce the capacity in accordance with the demand.

- The production of elastic rubber from natural rubber has been gradually improved in terms of variety. Sales of elastic rubbers for medical supplies, exercise equipment, and physical therapy sectors are growing.

- The production of adhesive tapes from natural rubber has shown consistently strong performance, due to its market potential and reliability, with satisfying quality, delivery, and service. These advantages enable the Company to compete with rivals in terms of price.

- The production of household stainless pipe products and other related products has been gradually growing. There is an on-going experiment for energy-saving products. There is also a development project about liquid-based metal forming in collaboration with another organization which will be utilized so as to improve the production and add value to the products.

- The production of industrial plastic parts showed lower sales due to the recession. Industries that use plastic parts such as automobile and other industries are experiencing lower sales because household and business sectors have become more cautious for spending and investments.

Energy Business in the People's Republic of China:

The Company has invested in three power plants producing and selling electricity and steam. The overall performance last year was quite good. Demand and sale for steam are constantly growing, due to local government's pollution-reduction policy, encouraging industrial factories to utilize steam from a power plant in their vicinity instead of using their own boilers individually. The price of coal was quite stable resulting in great ability to control the production cost. In short-term, the trend of electricity and steam demand should be growing further, because factories are increasing their production capability and new projects promoted by the local government.

Other Businesses in the People's Republic of China:

The overall performance was lower than the previous year's. Textile business slowed down according to the recession. The Company has increased the capital of Zhejiang Saha-Union Feilun Thread Industries Co., Ltd. so as to maintain its stability for investments in fixed assets and machinery, as well as for holding its business fundamental. For chemical industry, the market of our products changed. More supplies are filled the market while the raw material price was high due to the monopoly in petrochemical industry. It was impossible to raise the price of the products. The performance thus was not as expected. Real estate business was also affected by the economy slowdown in China. Although the government began to assuage its real estate control measures and launch a measure to promote real estate since the third quarter, the sale of residential buildings has been slowed.



Year 2014

Saha-Union Public Co., Ltd.'s performance of 2014, according to its separate financial statements, is as follows: the Company's total assets was Baht 14,767.28 million or Baht 505.39 million higher than the previous year; liabilities was Baht 1,023.72 million or Baht 129.42 million lower than the previous year; net profit was Baht 1,205.80 million, or Baht 4.02 per share. According to the consolidated financial statements, the Company's total assets was Baht 22,136.87 million or Baht 662.34 million higher than the previous; total liabilities was Baht 2,823.90 million or Baht 196.53 million higher than the previous year; profit for equity holders of the Company was Baht 1,003.25 million.

The Company has been operating with commitment and with its full ability, aiming to achieve its goals by maximizing the potential of existing projects, adjusting its investment strategies and business directions, seeking for an opportunity in new businesses, so as to make a steady, consistent, and sustainable growth. This is possible with the Company's potential and financial stability, along with every staff member's commitment and abilities from the board, the management to employees. The Company would like to express our gratitude to all shareholders and stakeholders who have been supporting and trusting Saha-Union Public Co., Ltd. and Group Companies, resulting in successful performance despite all the challenges we are experiencing.

We pledge our readiness in business operation and management with full potential, and will continue to adhere to the corporate culture-that is integrity, quality and service, to ensure its corporate governance and to raise awareness of corporate social responsibility in a bid to achieve a sustainable growth which will be useful to all stakeholders. The Company has an anti-corruption policy, with an internal control system established to prevent our business operations from involving corruption. This is the policy that the Company has followed consistently. We also recognize the importance of responsibilities for the society and environment. We have improved our work procedures to comply with the concept of sustainable development, so as to make the Company sustainably strong and thriving.

BOARD OF DIRECTORS

01



02



03



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01 Miss Sriwarin Jirapakkana
Chairman

02 Mr. Chutindhon Darakananda
Vice Chairman /
Nomination and
Remuneration Director

03 Mrs. Achara Chandrachai
Chairman of the Audit Committee /
Independent Director

04 Mr. Chivin Chaipanich
Audit and Independent Director

05 Miss Pakinee Prerttiumrong
Audit and Independent Director/
Nomination and Remuneration
Director

06 Mr. Yanyong Tangchitkul
Independent Director /
Chairman of the Nomination and
Remuneration Committee

07 Mrs. Busarakham Nilavajara
Independent Director

08

08



09



10



11



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14



15



08 Miss Dalad Saphavichaikul
President

09 Mrs. Chantorntree Darakananda
Executive Vice President

10 Mr. Vichai Chaitaneeyachat
Director

11 Mr. Thitivat Suebsaeng
Director

12 Mrs. Pinijporn Darakananda Kasemsap
Director

13 Mr. Bovornrat Darakananda
Director

14 Mr. Vacharaphong Darakananda
Director

15 Mr. Nanthiya Darakananda
Director



BOARD OF DIRECTORS

01

Miss Sriwarin Jirapakkana

Chairman

Age 67 years

Education

- Master's Degree in Management, SASIN Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor's Degree in Accounting, Chulalongkorn University
- Management Information System organized by International Labour Organization
- Dynamic Management for International Executives Program, International Management Development Department of Syracuse University, U.S.A.

IOD's Training

- Director Accreditation Program (DAP) Class 18/2004

Experiences

- 1999 - 2004 Chairman, Union Thai-Nichiban Co., Ltd.
- 1999 - 2004 Chairman, Union Zojirushi Co., Ltd.
- 1999 - 2006 Chairman, Union Plastic Public Company Limited
- 1999 - 2007 President, Saha-Union Public Company Limited
- 1999 - April 2012 Chairman, Union Nifco Co., Ltd.
- 1999 - May 2012 Chairman, Union Pioneer Public Company Limited
- 2002 - 2006 Managing Director, Union Textile Industries Public Company Limited
- 2005 - April 2012 Director, Union Thai-Nichiban Co., Ltd.
- 2007 - 2010 Director, Union Plastic Public Company Limited
- 2008 - 2012 Vice Chairman, Saha-Union Public Company Limited
- 2011 Chairman, Union Plastic Public Company Limited
- June - December 2012 Director, Union Pioneer Public Company Limited
- 2012 - June 2014 Director, Union Plastic Public Company Limited

Current Positions

Listed Companies

- 2007 - Present Chairman, Union Textile Industries Public Company Limited
- 2013 - Present Chairman, Saha-Union Public Company Limited

Other Positions

Saha-Union Group Companies

- 1999 - Present Vice Chairman, Union Industries Corp. Ltd.
- 1999 - Present Vice Chairman, Union Thread Industries Co., Ltd.
- 2005 - Present Director, Union Zojirushi Co., Ltd.
- June 2011 - Present Chairman, Union Zip Co., Ltd.
- June 2011 - Present Chairman, Venus Thread Co., Ltd.
- April 2012 - Present Director, Union Nifco Co., Ltd.
- Chairman and Director, Other Companies in Saha-Union Group

Years of Directorship 21 years (since March 1993)

02

Mr. Chutindhon Darakananda

Vice Chairman / Nomination and Remuneration Director

Age 55 years

Education

- Master's Degree in Business Administration, SASIN Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor's Degree in Industrial Engineering, Stanford University, U.S.A

IOD's Training

- Director Accreditation Program (DAP) Class 17/2004

Experiences

- 1993 - 2007 Director, Union Textile Industries Public Company Limited
- 1993 - 2007 Director, Union Pioneer Public Company Limited
- 2001 - March 2009 Director, Union Energy (China) Co., Ltd.
- 2007 - 2012 Vice Chairman (Investments in China), Saha-Union Public Company Limited

Current Positions

Listed Companies

- January 2011 - Present Nomination and Remuneration Director, Saha-Union Public Company Limited
- 2013 - Present Vice Chairman, Saha-Union Public Company Limited
- 2013 - Present Director, Union Textile Industries Public Company Limited

Other Positions

Saha-Union Group Companies

- 1992 - Present Vice Chairman, Union Spinning Mills Co., Ltd.
- 1992 - Present Vice Chairman, Venus Thread Co., Ltd.
- 1997 - Present Vice Chairman, Saha Union Holding Co., Ltd.
- 1997 - Present Vice Chairman/Managing Director, Union Business Management Co., Ltd.
- 2002 - Present Vice Chairman/Managing Director, Union Thread Industries Co., Ltd.
- 2002 - Present Vice Chairman/Managing Director, Union Industries Corp., Ltd.
- 2013 - Present Director, Union Garment Co., Ltd.
- 2013 - Present Director, Union Micronclean Co., Ltd.
- Director, Other Companies in Saha-Union Group

Years of Directorship 24 years (since December 1990)



03

Mrs. Achara Chandrachai

Chairman of the Audit Committee / Independent Director

Age 66 years

Education

- Ph.D. (Quantitative Business Analysis), Arizona State University, U.S.A.
- Master of Business Administration (Finance), Second Class Honor, National Institute of Development Administration
- Higher Graduate Diploma Program in Auditing, Chulalongkorn University
- Bachelor Degree in Accountancy, Chulalongkorn University

IOD's Training

- Director Certification Program (DCP) Class 45/2004
- Audit Committee Program (ACP) Class 27/2009

Experiences

- 2009 - 2012 Chairman of the Audit Committee/Independent Director, Union Textile Industries Public Company Limited

Current Positions

Listed Companies

- 2007 - Present Chairman of the Audit Committee/Independent Director, Internet Thailand Public Company Limited
- 2007 - Present Chairman of the Audit Committee/Independent Director, Dimet (Siam) Public Company Limited
- 2013 - Present Chairman of the Audit Committee/Independent Director, Saha-Union Public Company Limited

Other Positions

- 2005 - Present Emeritus Professor, Faculty of Commerce and Accountancy, Chulalongkorn University
- 2007 - Present Member of the Audit Committee/Independent Director, Pan Rajatawee Group Public Company Limited
- 2008 - Present Project Manager, Institute for Management Education for Thailand (IMET) Foundation
- 2012 - Present Lecturer, Technopreneurship & Innovation Management Program, Chulalongkorn University

Years of Directorship 2 years (since January 2013)

Years of Independent Directorship 2 years (since January 2013)

04

Mr. Chivin Chaipanich

Audit and Independent Director

Age 68 years

Education

- Bachelor's Degree in Chemical Engineering, Chulalongkorn University

IOD's Training

- Director Accreditation Program (DAP) Class 5/2003
- Audit Committee Program (ACP) Class 38/2012

Experiences

- 1995 - 2009 Managing Director, Union Thai-Nichiban Co., Ltd.
- 1996 - 2001 Director, Union Plastic Public Company Limited
- 1996 - 2001 Director, Union Nifco Co., Ltd.
- 1996 - 2002 Director, Union Zojirushi Co., Ltd.
- 1996 - 2009 Director, Bangkok Union Manufacturing Co., Ltd.
- 2012 - 2013 Audit and Independent Director, Union Pioneer Public Company Limited
- 2013 - November 2013 Chairman of the Audit Committee/Independent Director, Union Pioneer Public Company Limited

Current Positions

Listed Companies

- 2014 - Present Audit and Independent Director, Saha-Union Public Company Limited

Other Positions

- None -

Years of Directorship 1 year (since January 2014)

Years of Independent Directorship 1 year (since January 2014)



05

Miss Pakinee Prerttiumrong

Audit and Independent Director / Nomination and Remuneration Director

Age 65 years**Education**

- Bachelor's Degree in Economics, Thammasat University

IOD's Training

- Director Accreditation Program (DAP) Class 2/2003

Experiences

- 1983 - April 200 Director, Union Industries Corp. Ltd.
- 1994 - April 2008 Director, Union Thread Industries Co., Ltd.
- 1999 - March 2011 Audit and Independent Director, Union Technology (2008) Public Company Limited

Current Positions**Listed Companies**

- 1998 - Present Audit and Independent Director, Saha-Union Public Company Limited
- 2014 - Present Nomination and Remuneration Director, Saha-Union Public Company Limited

Other Positions

- 1994 - Present Director, Venus Button Co., Ltd.
- 1996 - Present Director, Union Button Corp. Ltd.

Years of Directorship 16 years (since April 1998)**Years of Independent Directorship** 10 years (since January 2005)

06

Mr. Yanyong Tangchitkul

Independent Director / Chairman of the Nomination and Remuneration Committee

Age 62 years**Education**

- Bachelor's Degree in Economics, Thammasat University
- Master's Degree in Business Administration (Second Class Honor), National Institute of Development Administration (NIDA)
- Management Development Program, Indiana University, U.S.A.

IOD's Training

- Director Accreditation Program (DAP) Class 79/2009

Experiences

- March 2009 - January 2011 Audit and Independent Director, Union Pioneer Public Company Limited

Current Positions**Listed Companies**

- September 2009 - Present Independent Director, Saha-Union Public Company Limited
- 2013 - Present Chairman of the Nomination and Remuneration Committee, Saha- Union Public Company Limited

Other Positions

- 1980 - Present Managing Director, Niyom Service Co., Ltd.

Years of Directorship 5 years (since September 2009)**Years of Independent Directorship** 5 years (since September 2009)



07

Mrs. Busarakham Nilavajara

Independent Director

Age 63 years

Education

- Bachelor's Degree in Education (Second Class Honor), Chulalongkorn University

IOD's Training

- Director Accreditation Program (DAP) Class 100/2013

Experiences

- 2003 - 2007 Assistant to the Treasurer, Children's International Summer Villages (Thailand) Foundation, Ministry of Social Development and Human Security
- 2004 - 2007 Secretary to the Executive Committee, Saha-Union Public Company Limited
- 2007 - 2011 Director, Children's International Summer Villages (Thailand) Foundation, Ministry of Social Development and Human Security

Current Positions

Listed Company

- 2013 - Present Independent Director, Saha-Union Public Company Limited

Other Position

- None -

Years of Directorship 2 years (since January 2013)

Years of Independent Directorship 2 years (since January 2013)

08

Miss Dalad Saphthavichaikul

President

Age 58 years

Education

- Master's Degree in Computer Science, University of Illinois at Urbana - Champaign, U.S.A.
- Bachelor's Degree (First Class Honor) in Economics, Chulalongkorn University

IOD's Training

- Awarded Diploma by passing the Examination of Australian IOD Year 2001
- Director Certification Program (DCP) Class 9/2001
- Finance for Non-Finance Director (FND) Class 1/2003
- Audit Committee Program (ACP) Class 10/2005

Experiences

- 1999 - 2007 Executive Director and Vice President, Saha-Union Public Company Limited
- 1999 - 2011 Director, Saha-Union Public Company Limited

Current Positions

Listed Companies

- 1995 - Present Director, Union Textile Industries Public Company Limited
- 2012 - Present President, Saha-Union Public Company Limited
- 2012 - Present Chairman of the Risk Management Committee, Saha-Union Public Company Limited.
- 2012 - Present Chairman, Union Pioneer Public Company Limited
- May 2014 - Present Chairman, Union Plastic Public Company Limited

Other Positions

Saha-Union Group Companies

- 2012 - Present Chairman, Union Nifco Co., Ltd.
- 2013 - Present Chairman, Union Zojirushi Co., Ltd.
- 2013 - Present Chairman, Union Micronclean Co., Ltd.
- 2013 - Present Chairman, Union Stainless Steel Products Co., Ltd.
- March 2014 - Present Chairman, Union Thai-Nichiban Co., Ltd.
- 2014 - Present President, Computer Union Co., Ltd.
- Present Chairman and Director, Other Companies in Saha-Union Group

Other Company

- 1989 - Present Director, Processing Center Co., Ltd.

Years of Directorship 15 years (since December 1999)



09

Mrs. Chantorntree Darakananda

Executive Vice President

Age 50 years

Education

- Doctor of Medicine, Chulalongkorn University

IOD's Training

- Director Accreditation Program (DAP) Class 5/2003

Experiences

- 1994 - 2008 Deputy Managing Director, Union Industries Corp., Ltd.
- 1997 - 2008 Director, Union Spinning Mills Co., Ltd.
- 2002 - 2008 Deputy Managing Director, Union Thread Industries Co., Ltd.
- 2002 - 2008 Director, Saha-Union Public Company Limited
- 2002 - 2009 Director, Union Capital Co., Ltd.
- 2002 - 2009 Director, Union Textile Industries Public Company Limited
- 2002 - 2011 Director, Pro-Lab Co., Ltd.
- 2013 - September 2014 Director, Saha-Union Public Company Limited
- 2013 - March 2014 Director, Union Technology (2008) Public Company Limited

Current Positions

Listed Companies

- 2013 - Present Executive Vice President, Saha-Union Public Company Limited
- June 2014 - Present Director, Union Plastic Public Company Limited

Other Positions

Saha - Union Group Companies

- 2002 - Present Director, Union Asset Management Co., Ltd.
- 2002 - Present Director, Uni-Fibre Co., Ltd.
- 2009 - Present Deputy Managing Director, Venus Thread Co., Ltd.
- 2009 - Present Deputy Managing Director, Union Zip Co., Ltd.
- 2013 - Present Director, Union Property Co., Ltd.
- April 2014 - Present Director, Union Multi-Capital Co., Ltd.
- May 2014 - Present Director, The Royal Hotel Co., Ltd.

Other Companies

- 1990 - Present Director, Ladphrao Hospital Public Company Limited
- 2012 - Present Director, Union Sime Darby (Thailand) Ltd.
- 2012 - Present Chairman, Pro-Lab Co., Ltd.

Years of directorship 2 years (since January 2013)

10

Mr. Vichai Chaitaneeyachai

Director

Age 70 years

Education

- Master's Degree in Business Administration (MBA), Chulalongkorn University
- Bachelor Degree in Business Administration (BBA), Ramkhamhaeng University
- Certificate in Computer Science (2-year Program), Graduate School, Chulalongkorn University
- Fulbright Certificate Awarded, Industrial Management, University of Texas/Dallas, U.S.A.

IOD's Training

- Director Accreditation Program (DAP) Class 55/2006

Experiences

- 1994 - 2005 Managing Director, Union Zojirushi Co., Ltd.
- 1999 - 2006 Director, Union Stainless Steel Products Co., Ltd.
- 1999 - 2006 Director, Union Nifco Co., Ltd.
- 2006 - 2008 Director, Union Tex-East Co., Ltd.
- 2006 - 2011 Director, Union Garment Co., Ltd.
- 2006 - 2011 Director, Union Micronclean Co., Ltd.
- 2008 - 2013 Director, TenCate-Union Protective Fabrics Asia Ltd

Current Positions

Listed Companies

- 2005 - Present Managing Director, Union Textile Industries Public Company Limited
- 2013 - Present Director, Saha-Union Public Company Limited

Years of Directorship 2 years (since January 2013)



11

Mr. Thitivat Suebsaeng

Director

Age 61 years

Education

- Ph.D. in Chemistry, Marquette University, U.S.A.
- M.Sc. in Inorganic Chemistry, Chiangmai University
- B.Sc. in Chemistry, Chiangmai University

IOD's Training

- Director Accreditation Program (DAP) Class 21/2004

Experiences

- September 1993 - October 2001 Managing Director, Union Plastic Public Company Limited
- 2007 - March 2013 Chairman, Union Zojirushi Co., Ltd.
- 2007 - February 2013 Chairman, Union Stainless Steel Products Co., Ltd.
- 2007 - March 2014 Chairman, Union Thai-Nichiban Co., Ltd.
- 2008 - December 2011 President, Saha-Union Public Company Limited
- March 2008 - April 2012 Chairman, Union Garment Co., Ltd.
- March 2008 - April 2013 Chairman, Union Micronclean Co., Ltd.
- March 2008 - December 2013 Director, Union Textile Industries Public Company Limited
- April 2008 - December 2011 Director, Union Pioneer Public Company Limited
- April 2008 - April 2012 Chairman, Union Universe Co., Ltd.
- June 2008 - March 2013 Director, TenCate-Union Protective Fabrics Asia Limited
- August 2008 - March 2014 Director, Union Technology (2008) Public Company Limited
- January 2010 - December 2011 Managing Director, Union Plastic Public Company Limited
- January 2012 - May 2014 Chairman, Union Plastic Public Company Limited
- April 2012 - 2013 Director, Union Garment Co., Ltd.
- April 2012 - April 2014 Director, Union Universe Co., Ltd.

Current Positions

Listed Companies

- January 2012 - Present Director, Saha-Union Public Company Limited
- May 2014 - Present Director, Union Plastic Public Company Limited

Other Positions

Saha-Union Group Companies

- 2007 - Present Director, Union Nifco Co., Ltd.
- April 2008 - Present Director, Union Rubber Products Co., Ltd.
- March 2009 - Present Director, Yunnan Energy Luliang-Union Cogeneration Co., Ltd.
- February 2013 - Present Director, Union Stainless Steel Products Co., Ltd.
- March 2013 - Present Director, Union Zojirushi Co., Ltd.

Years of Directorship 12 years (since January 2003)

12

Mrs. Pinijporn Darakananda Kasemsap

Director

Age 52 years

Education

- 1985 - 1991 University of California, San Francisco (Doctor of Pharmacy)
- 1981 - 1985 University of California, Davis (B.S. Chemistry)
- 1978 - 1981 The Katharine Branson School (High School)
- 1969 - 1978 Mater Dei Institute

IOD's Training

- Director Accreditation Program (DAP) Class 92/2011

Experiences

- 1984 - 1991 Deputy Manager, Geary Pharmacy (U.S.A.)
- 1991 - 1996 Deputy Manager of the Export Sales Department, Union Thread Industries Co., Ltd.
- 1996 - 2005 Managing Director, Venus Kids Co., Ltd.

Current Positions

Listed Companies

- December 2010 - Present Director, Saha-Union Public Company Limited

Other Position

Saha-Union Group Companies

- 1995 - Present Director, Union Thread Industries Co., Ltd.
- 1995 - Present Director, Union Industries Corp. Ltd.
- 1995 - Present Director, Union Spinning Mills Co., Ltd.
- 1996 - Present Manager, Uni-Agro Co., Ltd.
- 2008 - Present Deputy Managing Director, International Investment Projects, Saha-Union Investment (China) Co., Ltd.
- 2009 - Present Director, Union Zip Co., Ltd.
- 2009 - Present Director, Venus Thread Co., Ltd.
- March 2011 - Present Director, Thai Rubber Enterprise Co., Ltd.
- April 2011 - Present Director, Saha Union Holding Co., Ltd.
- April 2011 - Present Director, Union Equity Co., Ltd.
- April 2011 - Present Director, Union Multi-Capital Co., Ltd.
- 2012 - Present Managing Director, Union Property Co., Ltd.
- May 2014 - Present Managing Director, The Royal Hotel Co., Ltd.
- Director, Other Companies in Saha-Union Group

Other Companies

- None -

Years of Directorship 4 years (since December 2010)



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Mr. Bovornrat Darakananda

Director

Age 51 years**Education**

- Master's Degree in Electrical and Management Engineering, Massachusetts Institute of Technology, U.S.A.
- Bachelor's Degree in Electrical and Management Engineering, Massachusetts Institute of Technology, U.S.A.

IOD's Training

- Director Accreditation Program (DAP) Class 18/2004

Experiences

- 1993 - December 2006 Director, Union Textile Industries Public Company Limited
- 1993 - December 2006 Director, Union Pioneer Public Company Limited
- 1994 - December 2006 Director and Executive Director, Union Energy Co., Ltd.
- 1996 - 2009 Director and Manager, Union Energy (China) Co., Ltd.
- 2011 - December 2012 Director, Union Textile Industries Public Company Limited
- Vice President, Saha-Union International (Georgia) Inc.
- General Manager, Saha-Union Investment (China) Co., Ltd.

Current Positions**Listed Companies**

- 1994 - Present Director, Saha-Union Public Company Limited

Other Positions**Saha-Union Group Companies**

- 1997 - Present Director, Union Thread Industries Co., Ltd.
- 1997 - Present Director, Union Industries Corp. Ltd.
- 2001 - Present Managing Director, Union Spinning Mills Co., Ltd.
- 2001 - Present Director, Venus Thread Co., Ltd.
- 2001 - Present Director, Union Zip Co., Ltd.
- April 2011 - Present Director, Saha Union Holding Co., Ltd.
- Director, Other Companies in Saha-Union Group

Years of Directorship 23 years (since April 1991)

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Mr. Vacharaphong Darakananda

Director

Age 49 years**Education**

- Bachelor's Degree in Physics, Harvey Mudd College, California, U.S.A.

IOD's Training

- Director Accreditation Program (DAP) Class 2/2003
- Director Certification Program (DCP) Class 69/2006
- Awarded Diploma by passing the Examination of Australian IOD Year 2006
- Role of the Compensation Committee (RCC) Class 15/2012

Experiences

- Assistant Manager, Venus Thread Company Limited
- 1990 - May 2013 Director, Computer Union Co., Ltd.
- 1999 - 2000 General Manager, Saha-Union Public Company Limited (Sriracha Operation)
- 2001 - December 2006 Director, Union Textile Industries Public Company Limited
- 2007 - 2008 Director, Union Thai-Nichiban Co., Ltd.
- 2007 - January 2012 Director, Union Zojirushi Co., Ltd.
- 2007 - March 2014 Managing Director, Union Technology (2008) Public Company Limited

Current Positions**Listed Companies**

- 1994 - Present Director, Saha-Union Public Company Limited
- 2007 - Present Director, Union Plastic Public Company Limited
- 2007 - Present Director, Union Pioneer Public Company Limited

Other Positions**Saha-Union Group Companies**

- 1988 - Present Director, Union Industries Corp. Ltd.
- 1990 - Present Director, Union Thread Industries Co., Ltd.
- 1992 - Present Managing Director, Union Technology Co., Ltd.
- 1994 - Present Director, Union Spinning Mills Co., Ltd.
- 1994 - Present Director, Venus Thread Co., Ltd.
- 2000 - Present Director, Computer Union System Co., Ltd.
- 2007 - Present Director, Thai Rubber Enterprise Co., Ltd.
- 2007 - Present Director, Union Rubber Products Corp. Ltd.
- 2008 - Present Director, Union Nifco Co., Ltd.
- 2009 - Present Managing Director, Union Thai-Nichiban Co., Ltd.
- April 2011 - Present Director, Union Micronclean Co., Ltd.
- April 2011 - Present Director, Union Construction Co., Ltd.
- January 2012 - Present Managing Director, Union Zojirushi Co., Ltd.
- March 2014 - Present Director, Union Chamchuri Co., Ltd.
- Director, Other Companies in Saha-Union Group

Years of Directorship 22 years (since February 1992)

15

Mr. Nanthiya Darakananda

Director

Age 46 years

Education

- Master's Degree in Business Administration, SASIN Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor's Degree in Applied Physics, University of California, Davis, U.S.A.

IOD's Training

- Director Accreditation Program (DAP) Class 2/2003

Current Positions

Listed Companies

- 1993 - Present Director, Union Pioneer Public Company Limited
- 1996 - Present Director, Saha-Union Public Company Limited
- 1998 - Present Director, Union Plastic Public Company Limited

Other Positions

- None -

Years of Directorship 18 years (since April 1996)

Related Person	Relationship
Mr. Chutindhon Darakananda	<ul style="list-style-type: none"> • Elder brother of Mrs. Pinijporn Darakananda Kasemsap, Mr. Bovornrat Darakananda and Mr. Vacharaphong Darakananda • Elder brother of the husband of Mrs. Chantornree Darakananda
Mrs. Pinijporn Darakananda Kasemsap	<ul style="list-style-type: none"> • Younger sister of Mr. Chutindhon Darakananda • Elder sister of Mr. Bovornrat Darakananda and Mr. Vacharaphong Darakananda • Younger sister of the husband of Mrs. Chantornree Darakananda
Mr. Bovornrat Darakananda	<ul style="list-style-type: none"> • Younger brother of Mr. Chutindhon Darakananda and Mrs. Pinijporn Darakananda Kasemsap • Elder brother of Mr. Vacharaphong Darakananda • Younger brother of the husband of Mrs. Chantornree Darakananda
Mrs. Chantornree Darakananda	<ul style="list-style-type: none"> • Younger sister in law of Mr. Chutindhon Darakananda • Elder sister in law of Mrs. Pinijporn Darakananda Kasemsap, Mr. Bovornrat Darakananda and Mr. Vacharaphong Darakananda
Mr. Vacharaphong Darakananda	<ul style="list-style-type: none"> • Younger sister in law of Mr. Chutindhon Darakananda • Elder sister in law of Mrs. Pinijporn Darakananda Kasemsap, Mr. Bovornrat Darakananda and Mr. Vacharaphong Darakananda
Mr. Nanthiya Darakananda	<ul style="list-style-type: none"> • Cousin of Mr. Chutindhon Darakananda, Mrs. Pinijporn Darakananda Kasemsap, Mr. Bovornrat Darakananda and Mr. Vacharaphong Darakananda

Mrs. Chadaporn Jiemsakultip

Company Secretary

Age 52 years

Education

- Bachelor's Degree in Business Administration (Management), Sukhothai Thammathirat Open University
- Certificate in Business Administration (Accounting), Vocational College, Bangkok Technical Campus, (Current Named Rajamangala University of Technology Krungthep (RMUTK)), Bangkok

Training

- Company Secretary Program (CSP) Class 27/2008, Thai Institute of Directors (IOD)
- Effective Minute Taking (EMT) Class 11/2008, Thai Institute of Directors (IOD)
- Fundamental Practice for Corporate Secretary (FPCS 28), Thai Listed Companies Association
- Customs Professional Program, The Customs Department

Experiences

- June 2008 - 2013 Assistant to the Company Secretary, Saha-Union Public Company Limited

Current Positions

- 2008 - Current Company Secretary, Union Textiles Industries Public Company Limited
- 2014 - Current Company Secretary, Saha-Union Public Company Limited

IOD'S ACCREDITATION AND CERTIFICATION

TRAINING PROGRAM OF THE BOARD OF DIRECTORS ABOUT THE RESPONSIBILITY AND SKILLS OF BEING THE DIRECTOR

Name	Thai Institute of Directors Certification Programs					Extension Program
	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Finance for Non-Finance Director (FND)	Audit Committee Program (ACP)	Role of the Compensation Committee (RCC)	Awarded Diploma by passing the Examination of Australian IOD
	Class/Year	Class/Year	Class/Year	Class/Year	Class/Year	Year
Miss Sriwarin Jirapakkana	18/2004	-	-	-	-	-
Mr. Chutindhon Darakananda	17/2004	-	-	-	-	-
Mrs. Achara Chandrachai	-	45/2004	-	27/2009	-	-
Mr. Chivin Chaipanich	5/2003	-	-	38/2012	-	-
Miss Pakinee Prertitumrong	2/2003	-	-	-	-	-
Mr. Yanyong Tangchitkul	79/2009	-	-	-	-	-
Mrs. Busarakham Nilavajara	100/2013	-	-	-	-	-
Miss Dalad Saphavichaikul	-	9/2001	1/2003	10/2005	-	2001
Mrs. Chantornree Darakananda	5/2003	-	-	-	-	-
Mr. Vichai Chaitaneeyachat	55/2006	-	-	-	-	-
Mr. Thitivat Suebsaeng	21/2004	-	-	-	-	-
Mrs. Pinijporn Darakananda Kasemsap	92/2011	-	-	-	-	-
Mr. Bovornrat Darakananda	18/2004	-	-	-	-	-
Mr. Vacharaphong Darakananda	2/2003	69/2006	-	-	15/2012	2006
Mr. Nanthiya Darakananda	2/2003	-	-	-	-	-

BOARD STRUCTURE AND COMPANY EXECUTIVES

Board of Directors

• Miss Sriwarin	Jirapakkana	Chairman
• Mr. Chutindhon	Darakananda	Vice Chairman
• Mrs. Achara	Chandrachai	Independent Director
• Mr. Chivin	Chaipanich	Independent Director
• Miss Pakinee	Prertitumrong	Independent Director
• Mr. Yanyong	Tangchitkul	Independent Director
• Mrs. Busarakham	Nilavajara	Independent Director
• Miss Dalad	Sapthavichaikul	Director and President
• Mr. Vichai	Chaitaneeyachat	Director
• Mr. Thitivat	Suebsaeng	Director
• Mrs. Pinijporn	Darakananda Kasemsap	Director
• Mr. Bovornrat	Darakananda	Director
• Mrs. Chantorntree	Darakananda	Director
• Mr. Vacharaphong	Darakananda	Director
• Mr. Nanthiya	Darakananda	Director
• Mrs. Chadaporn	Jiemsakulthip	Company Secretary

Audit Committee

• Mrs. Achara	Chandrachai	Chairman of the Audit Committee
• Mr. Chivin	Chaipanich	Director
• Miss Pakinee	Prertitumrong	Director

Nomination and Remuneration Committee

• Mr. Yanyong	Tangchitkul	Chairman of the Nomination and Remuneration Committee
• Miss Pakinee	Prertitumrong	Director
• Mr. Chutindhon	Darakananda	Director

Risk Management Committee

• Miss Dalad	Sapthavichaikul	Chairman of the Risk Management Committee
• Mrs. Chantorntree	Darakananda	Director
• Mr. Vacharaphong	Darakananda	Director
• Mrs. Srinual	Sombatpraiwan	Director and Secretary

Executives

• Miss Dalad	Sapthavichaikul	President
• Mrs. Chantorntree	Darakananda	Executive Vice President
• Mr. Preecha	Shunhavanich	Vice President
• Mrs. Srinual	Sombatpraiwan	Account and Finance Department Manager



DIRECT INVESTMENT OF SAHA-UNION IN GROUP COMPANIES

AS AT 31 DECEMBER 2014

Group of Business	Company's Name	Registered Capital (Baht)	Paid-up Capital (Baht)	Paid-up per share (Baht)	Investment %
	Saha-Union Public Company Limited	3,000,000,000	3,000,000,000	10.00	
Textile Business	Zhejiang Saha-Union Feilun Thread Industries Co.,Ltd.	USD 30,207,466	USD 30,207,466		39.711
	Union Textile Industries Public Company Limited	600,000,000	600,000,000	10.00	49.882
	Union Garment Co., Ltd.	50,000,000	50,000,000	100.00	99.987
	Union Spinning Mills Co., Ltd.	200,000,000	200,000,000	100.00	25.000
	Union Micronclean Co., Ltd.	5,000,000	5,000,000	10.00	25.001
	Union Universe Co., Ltd.	7,500,000	7,500,000	100.00	49.865
Plastic, Rubber and Metal Business	Union Pioneer Public Company Limited	75,000,000	75,000,000	10.00	48.958
	Union Plastic Public Company Limited	250,000,000	250,000,000	10.00	49.521
	Union Zojirushi Co., Ltd.	300,000,000	300,000,000	100.00	51.000
	Union Stainless Steel Products Co., Ltd.	40,000,000	40,000,000	100.00	98.000
	Union Rubber Products Corp., Ltd.	20,000,000	20,000,000	100.00	99.998
	Thai Rubber Enterprise Co., Ltd.	32,000,000	32,000,000	100.00	50.693
	Union Thai-Nichiban Co., Ltd.	15,000,000	15,000,000	100.00	40.273
	Union Nifco Co., Ltd.	100,000,000	100,000,000	100.00	30.002
Trading Business	Computer Union Co., Ltd.	100,000,000	100,000,000	100.00	97.549
Energy Business	Jiashan - Union Cogeneration Co.,Ltd.	USD 10,640,000	USD 10,640,000		56.928
	Shangyu Hangzhou - Union Cogeneration Co.,Ltd.	RMB 200,000,000	RMB 200,000,000		25.000
	Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	USD 24,658,660	USD 24,658,660		40.000
Hotel Business	The Royal Hotel Co., Ltd.	3,000,000,000	3,000,000,000	10.00	96.000
Investment Business and Others	Taixing Union Zond Chemicals Co.,Ltd.	USD 29,000,000	USD 27,930,000		23.845
	Jiangsu Zhonglian-Union Carpet Co.,Ltd.	RMB 56,915,779	RMB 56,915,779		25.000
	Jiashan-Union Development Co., Ltd.	USD 41,000,000	USD 41,000,000		39.000
	Zhejiang-Union Property Co.,Ltd.	RMB 100,000,000	RMB 100,000,000		35.000
	Saha-Union International Ltd.	HKD 330,000,000	HKD 330,000,000		99.985
	Saha-Union Investment (China) Co., Ltd.	USD 45,000,000	USD 45,000,000		100.000
	Saha-Union International Taipei Ltd.	TWD 5,000,000	TWD 5,000,000		10.000
	Saha-Union Holding Co., Ltd.	1,200,000,000	1,200,000,000	100.00	99.540
	Venus Shoes Co., Ltd.	72,000,000	72,000,000	100.00	76.000
	Union Printing Corp., Ltd.	30,000,000	30,000,000	10.00	94.735
	Union Equity Co., Ltd.	160,000,000	160,000,000	10.00	99.794
	Union Technology Co., Ltd.	100,000,000	100,000,000	10.00	99.999
	Union Energy Co., Ltd.	3,200,000	3,200,000	10.00	99.258
	Union Energy (China) Co., Ltd.	15,400,000	15,400,000	100.00	99.997
	Texport International Corp., Ltd.	12,500,000	12,500,000	100.00	85.200
	Union Human Resources Development Co., Ltd.	1,000,000	250,000	2.50	99.998
	Union Shoes Co., Ltd.	24,000,000	24,000,000	24.00	61.697
	Union Construction Corp., Ltd.	200,000,000	200,000,000	100.00	2.373
	Saha-Union Property Co., Ltd.	500,000,000	125,000,000	25.00	99.999
	Saha-Union Wealth Plus Co., Ltd.	500,000,000	125,000,000	25.00	99.999
	Union Nakhon Co., Ltd.	350,000,000	210,000,000	60.00	75.000
	Uni-Fibre Co., Ltd.	120,000,000	120,000,000	100.00	25.667
	Uni-Agro Co., Ltd.	65,000,000	65,000,000	100.00	30.000
	Union Thread Industries Co., Ltd.	200,000,000	200,000,000	10.00	24.898
	Union Industries Corp., Ltd.	150,000,000	150,000,000	100.00	24.900



	Investment per share (Baht)	SU Investment at cost (Baht)	Book Value per share (Baht)	Market Value per share (Baht)	Investment Market Value (Baht)	Registration Date	Nature of Business
			45.81	40.00		10 Aug. 1972	Investment, distribution of raw materials and products manufactured by group companies and the rental of property and real estate.
37.71	452,337,284.26	27.76	27.76	333,002,575.20	20 Jun. 2003	Contract manufacture and distribution of textile products	
10.73	321,180,863.41	10.20	12.50	374,115,000.00	21 Mar. 1977	Manufacture and distribution of textiles	
140.71	70,344,917.52	144.28	144.28	72,130,766.08	26 Apr. 1974	Manufacture and distribution of garments	
93.13	46,563,324.78	130.69	130.69	65,345,000.00	4 Jun. 1971	Manufacture and distribution of thread	
10.00	1,250,405.30	76.04	76.04	9,505,532.28	24 Jan. 1996	Manufacture and distribution of anti-electrostatic and dust clothing	
100.31	3,751,380.06	1,144.74	1,144.74	42,812,131.26	7 Mar. 1968	Distributor of Grand Slam shirts	
14.46	53,084,046.25	49.17	52.00	190,934,640.00	8 Oct. 1973	Manufacture and distribution of elastic products	
19.02	235,432,531.30	22.72	36.00	445,684,680.00	3 Jan. 1969	Contract manufacture of plastic products, manufacture and repair of molds	
100.43	153,658,538.14	278.16	278.16	425,584,243.68	18 Aug. 1986	Manufacture and distribution of stainless steel vacuum bottles	
133.70	52,411,447.56	251.02	251.02	98,399,337.96	16 Dec. 1988	Manufacture and distribution of stainless steel kitchenware	
80.56	16,110,954.50	16.58	16.58	3,315,917.10	24 Mar. 1971	Manufacture and distribution of rubber products	
105.90	17,179,605.10	144.51	144.51	23,442,123.18	9 Jul. 1970	Rubber estates	
318.92	19,266,000.00	2,875.69	2,875.69	173,720,432.90	21 Jun. 1973	Manufacture of adhesive paper, corrugated adhesive paper, clear tape and OPP tape	
105.18	31,556,005.62	431.01	431.01	129,313,344.24	3 Nov. 1988	Manufacture and distribution of plastic parts and molds	
103.99	101,440,971.95	228.19	228.19	222,596,606.72	18 Nov. 1982	Computer dealer	
41.45	251,073,479.62	59.32	59.32	359,310,731.20	15 Aug. 1994	Power generation	
5.15	257,480,749.43	9.12	9.12	456,000,000.00	19 Nov. 2002	Power generation	
42.30	417,270,553.54	27.49	27.49	271,146,625.36	6 Jul. 1994	Power generation	
10.00	2,880,000,000.00	9.96	9.96	2,868,480,000.00	2 May 2014	Hotel	
32.88	218,957,706.00	27.67	27.67	184,282,200.00	29 Aug. 2007	Manufacture of Phthalic anhydride & Fumaric acid and associated products	
4.51	152,218,399.07	19.25	19.25	273,907,191.25	21 May 2007	Manufacture of automobile carpet	
33.69	538,703,100.00	40.22	40.22	643,117,800.00	22 Sep. 2009	Real estate	
4.85	169,792,923.60	5.08	5.08	177,800,000.00	11 Dec. 2012	Real estate	
4.76	1,571,303,051.88	472.19	472.19	1,557,990,905.00	18 Aug. 1972	Investment	
34.95	1,572,809,060.01	46.70	46.70	2,101,500,000.00	19 Jan. 1995	Investment	
0.77	385,917.66	48.46	48.46	969,200.00	8 Nov. 1984	Investment	
100.00	1,194,478,806.88	57.38	57.38	685,392,279.72	14 Nov. 1989	Investment	
80.42	44,006,626.43	50.99	50.99	27,901,880.97	29 Sep. 1988	Dormitory rental and services	
10.37	29,465,812.50	5.86	5.86	16,654,413.00	10 Jul. 1970	Rental services	
10.01	159,770,484.00	18.41	18.41	293,953,224.81	31 May 1989	Investment	
10.00	100,000,016.36	13.47	13.47	134,699,959.59	22 Jun. 1992	Investment	
10.00	3,176,270.00	41.49	41.49	13,178,344.23	2 Feb. 1994	Investment	
100.00	15,399,500.00	261.96	261.96	40,340,530.20	9 Aug. 1996	Investment	
116.04	12,357,879.00	225.55	225.55	24,021,075.00	14 Apr. 1978	Investment	
2.50	250,021.30	8.73	8.73	872,982.54	26 Sep. 2004	Train and development skills	
35.67	22,007,784.00	36.34	36.34	22,420,726.14	5 Aug. 1986	Rental services	
111.25	5,281,100.00	87.16	87.16	4,137,398.04	7 Sep. 1973	Rental services	
25.00	124,999,875.00	25.25	25.25	126,249,873.75	22 Apr. 2013	Investment	
25.00	124,999,875.00	25.77	25.77	128,849,871.15	16 May 2013	Investment	
60.00	157,499,880.00	59.06	59.06	155,032,381.88	22 Aug. 2013	Real estate	
100.00	30,800,193.16	823.75	823.75	253,715,823.75	5 Nov. 1980	Investment / Agency and Service business / Distribution of textile products and other materials	
104.95	20,464,690.80	102.81	102.81	20,047,950.00	22 Aug. 1972	Investment and agriculture	
10.41	51,861,469.06	147.46	147.46	734,290,341.40	2 Nov. 1973	Investment	
116.01	43,328,196.18	1,151.99	1,151.99	430,268,265.00	23 May 1961	Investment and real estate rental	
Group Companies	11,745,711,696.23		Group Companies	14,616,434,304.58			
Other Companies	1,600,383,163.40		Other Companies	1,675,870,246.50			
Total	13,346,094,859.63		Total	16,292,304,551.08			



BUSINESS RESULTS

AND FIVE YEARS FINANCIAL STATUS

(Unit : Million Baht)

	2014	2013	2012	2011	2010
			(Restated)		
Revenues					
Sales and service income	1,283.7	1,137.1	1,075.1	1,824.2	3,022.4
Export sales	536.4	488.1	470.4	457.2	502.9
Local sales	747.3	649.0	604.7	1,367.0	2,519.5
Dividend income	1,309.3	735.5	790.8	800.1	973.2
Other income	167.9	1,192.4	366.8	285.9	311.7
Total revenues	2,760.9	3,065.0	2,232.7	2,910.2	4,307.3
Expenses					
Cost of sales and services	1,265.5	1,117.3	1,061.8	1,803.6	2,795.2
Selling expenses	9.9	9.3	10.1	9.3	11.7
Administrative expenses	121.4	211.4	223.9	237.8	334.7
Other expenses	140.1	176.1	(96.4)	68.6	(218.1)
Interest expenses	5.5	11.8	6.3	10.9	47.8
Total expenses	1,542.4	1,525.9	1,205.7	2,130.2	2,971.3
Profit before income tax expenses	1,218.5	1,539.1	1,027.0	780.0	1,336.0
(Less) Income tax expenses	(12.7)	(89.3)	(9.0)	(19.7)	(28.2)
Profit for equity holders of the Company	1,205.8	1,449.8	1,018.0	760.3	1,307.8
Earnings per share (Baht)	4.02	4.83	3.39	2.53	4.36
Dividend per share (Baht)	1.75	2.00	1.50	1.50	1.75
Dividend per net profit (%)	43.54%	41.39%	44.20%	59.18%	40.14%

BUSINESS RESULTS AND FIVE YEARS FINANCIAL STATUS

(Unit : Million Baht)

	2014	2013	2012	2011	2010
			(Restated)		
Assets					
Short-term loans to related parties	211.7	303.3	306.9	249.8	318.7
Other Current assets	889.7	3,503.4	1,358.9	983.4	672.7
Investments in associates held for sale	-	-	1,325.6	-	-
Investments in subsidiaries, associates and other companies	12,441.5	9,810.9	9,304.5	10,183.3	10,893.7
Investment properties	1,168.8	576.6	696.5	650.7	675.6
Property, plant and equipment	49.8	55.2	71.7	81.2	83.1
Other non-current assets	5.8	12.5	124.0	34.7	27.9
Total assets	14,767.3	14,261.9	13,188.1	12,183.1	12,671.7
Liabilities and shareholders' equity					
Deposits from related parties	836.0	900.3	747.2	497.4	807.1
Other current liabilities	84.5	160.8	94.8	150.1	319.7
Long-term loans	-	-	-	-	288.7
Other non-current liabilities	103.2	92.1	121.7	17.9	14.9
Shareholders' equity					
Issued and fully paid-up capital	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Share premium	2,599.0	2,599.0	2,599.0	2,599.0	2,599.0
Retained earnings	7,815.6	7,209.8	6,210.0	5,554.3	5,319.0
Other components of shareholders' equity	329.0	299.9	415.4	364.4	323.3
Total shareholders' equity	13,743.6	13,108.7	12,224.4	11,517.7	11,241.3
Total liabilities and shareholders' equity	14,767.3	14,261.9	13,188.1	12,183.1	12,671.7
Book Value (Baht)	45.81	43.70	40.75	38.39	37.47

REVENUES STRUCTURE OF THE COMPANY AND ITS SUBSIDIARIES

COMPARATIVE FROM 2012-2014

(Unit : Million Baht)

Segment	Consolidated financial statements																	
	Export						Local						Total					
	2014	%	2013	%	2012	%	2014	%	2013	%	2012	%	2014	%	2013	%	2012	%
Textile Business	912.0	8.42	1,032.0	9.52	997.1	9.06	610.8	5.64	649.0	5.99	678.9	6.17	1,522.8	14.07	1,681.0	15.51	1,676.0	15.22
Plastic, Rubber and Metal Business	3,696.2	34.14	3,155.2	29.12	3,434.5	31.20	1,917.7	17.71	2,002.2	18.48	2,108.0	19.15	5,613.9	51.86	5,157.4	47.60	5,542.5	50.35
Trading Business	33.4	0.31	-	-	-	-	2,602.9	24.04	2,921.7	26.96	2,369.4	21.52	2,636.3	24.35	2,921.7	26.96	2,369.4	21.52
Energy Business	648.2	5.99	533.1	4.92	521.5	4.74	-	-	-	-	-	-	648.2	5.99	533.1	4.92	521.5	4.74
Hotel Business	-	-	-	-	-	-	242.1	2.24	-	-	-	-	242.1	2.24	-	-	-	-
Investment Business and Others	2.8	0.03	5.2	0.05	48.3	0.44	25.2	0.23	21.2	0.20	14.5	0.13	28.0	0.26	26.4	0.24	62.8	0.57
Total	5,292.6	48.89	4,725.5	43.61	5,001.4	45.43	5,398.7	49.87	5,594.1	51.63	5,170.8	46.97	10,691.3	98.76	10,319.6	95.24	10,172.2	92.40
(Less) Related transaction	-	-	-	-	(15.1)	(0.14)	(1,005.5)	(9.29)	(901.5)	(8.32)	(824.3)	(7.49)	(1,005.5)	(9.29)	(901.5)	(8.32)	(839.4)	(7.63)
Sales and service income - net	5,292.6	48.89	4,725.5	43.61	4,986.3	45.29	4,393.2	40.58	4,692.6	43.31	4,346.5	39.48	9,685.8	89.47	9,418.1	86.92	9,332.8	84.78
Dividend Income													230.2	2.13	239.5	2.21	353.8	3.21
Rental Income													42.9	0.40	162.8	1.50	224.2	2.04
Interest income													54.2	0.50	134.7	1.24	91.7	0.83
Other income													812.8	7.52	880.3	8.12	1,006.0	9.15
Total revenues													10,825.9	100.00	10,835.4	100.00	11,008.5	100.00

The details are set out in Note 29 to the financial statements "Segment information".





INVESTMENT STRUCTURE OF THE COMPANY AND ITS SUBSIDIARIES

Group of Business	Company's Name	% Investment Equity Method	Group of Business	Company's Name	% Investment Equity Method
Textile Business	Zhejiang Saha-Union Feilun Thread Industries Co., Ltd.	57.57	Investment Business and others	Saha - Union International Ltd.	99.98
	Union Textile Industries Public Company Limited	51.42		Saha - Union Investment (China) Co.,Ltd.	100.00
	Union Garment Co., Ltd.	99.99		Union Energy (Hong Kong) Co.,Ltd.	99.98
	Union Micronclean Co., Ltd.	44.48		Shanghai Dasity Co.,Ltd.	100.00
	Union Spinning Mills Co., Ltd.	51.99		Saha - Union International Taipei Ltd.	42.30
	Union Zip Co., Ltd.	24.85		Saha-Union Holding Co., Ltd.	99.54
	Venus Thread Co., Ltd.	24.90		Venus Shoes Co., Ltd.	96.86
	Union Universe Co., Ltd.	49.87		Union Printing Corp., Ltd.	94.74
	Tencate-Union Protective Fabrics Asia Ltd.	24.62		Union Equity Co., Ltd.	99.79
Plastic, Rubber and Metal Business				Union Technology Co., Ltd.	99.99
	Union Pioneer Public Company Limited	52.71		Union Energy Co., Ltd.	99.40
	Union Plastic Public Company Limited	49.69		Union Energy (China) Co., Ltd.	99.99
	Union Zojirushi Co., Ltd.	51.00		Texport International Corp. Ltd.	85.20
	Union Stainless Steel Products Co., Ltd.	98.00		Union Human Resources Development Co., Ltd.	99.99
	Union Rubber Products Corp., Ltd.	99.99		Union Shoes Co., Ltd.	97.85
	Thai Rubber Enterprise Co., Ltd.	50.69		Union Construction Corp., Ltd.	99.68
	Union Thai-Nichiban Co., Ltd.	40.27		Saha-Union Property Co., Ltd.	99.99
	Union Nifco Co., Ltd.	39.91		Saha-Union Wealth Plus Co., Ltd.	99.99
Trading Business				Union Nakhon Co., Ltd.	77.49
	Computer Union Co., Ltd.	97.55		Uni-Fibre Co., Ltd.	52.99
	Computer Union System Co., Ltd.	97.55		Uni-Agro Co., Ltd.	44.94
Energy Business				Union Thread Industries Co., Ltd.	35.99
	Jiashan-Union Cogeneration Co., Ltd.	75.96		Union Industries Corp., Ltd.	29.46
	Shangyu Hangzhou-Union Cogeneration Co., Ltd.	50.00		Venus Product Co., Ltd.	24.86
Hotel Business				Union Capital Co., Ltd.	26.42
	Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	50.00		Union Business Management Co., Ltd.	32.70
				Union Distributor Co., Ltd.	24.73
Investment Business and others	The Royal Hotel Co., Ltd.	96.22		Union Management and Service Co., Ltd.	24.86
				Union Asset Management Co., Ltd.	24.90
	Taixing Union Zond Chemicals Co.,Ltd.	29.65		Union Property Co., Ltd.	27.43
	Jiangsu Zhonglian - Union Carpet Co.,Ltd.	35.00		Union Somkid Co., Ltd.	29.36
	Wuhan Taicang Car Internal Decoration Pasts Co.,Ltd.	35.00		Union Chidlom Co., Ltd.	29.36
	Jiashan-Union Development Co., Ltd.	49.00		Union Chamchuri Co., Ltd.	29.36
	Zhejiang-Union Property Co.,Ltd.	35.00		Union Phrom Phong Co., Ltd.	27.43

1 TEXTILE BUSINESS



TYPE OF PRODUCTS OR SERVICES

There are 4 categories in manufacturing and selling textile products.

1. Sewing accessories such as zippers, thread and buttons
2. Woven fabric. The process of manufacturing starting from spinning and weaving such as 100% cotton, polyester cotton and/or other synthetic fiber with special characteristics for making workwear and fabric used in other industries.
3. Garments such as fashion clothing, workwear.
4. Clean Room Garments.

SUPPLY OF PRODUCTS FOR MANUFACTURING OR SERVICES

The production of woven fabrics starts from spinning the yarn to weaving fabric. The main raw materials used in producing the yarn are cotton which is 100% imported from overseas and synthetic fiber which mainly was purchased from local suppliers and some from abroad. For garments and Clean room garment production, the main important materials used for this production are fabric and sewing accessories. Fabric used in this category came from both importing from other countries and purchasing from the local suppliers depending on customers' desires. Most of the sewing accessories came from local suppliers.

PERFORMANCE IN 2014

Woven Fabrics such as 100% cotton, cotton-polyester blend, synthetic fibers with characteristics specially designed for general Technical Workwear, and fabrics for other industries suitable for customers' demands and their production capacity. The direct marketing and distribution were implemented to both local and overseas customers. 80% of the total sales was generated from overseas trading and 20% from local trading. Overall, the trade partners in EU, our main market, were in constant recession, affecting their purchasing power. The exchange rate was highly fluctuating. Quantity and delivery were quite limited. Moreover, the competition in the fabrics market was intense, due to our competitors' advantages on lower labor cost. Thus, the sales performance in 2014 did not achieve as planned, despite greater incomes from sales and services than 2013.

Garments such as fashion and workwear types, mainly exported to EU countries, were affected by the economic recession. The clients reduced their volume of purchase orders and bargained much more on the prices. This resulted in a decrease in quantity and value of sale compared to the previous year. However, the performance in 2014 rose from 2013 due to better cost control and bigger sales proportion of high value products.

Clean Room Garments were both directly sold and sold via the local and overseas sales representatives. More industrial sewing machines were installed so as to boost the production capacity. The performance in 2014 was close to the target, and was better than 2013.

TRENDS OF THE INDUSTRY AND COMPETITION

In regard to the trends of textile industry and competition in 2015, it is estimated that the textile market still remains sluggish as the result of continuing global recession, especially among EU countries. The business will continue to be struggling with hardship. Concerning textile industry in Thailand, there are some internal factors. That is - a shortage of labor and a problem of production costs, such as labor cost and increasing electric bill. The competition on cost tends to be fiercer due to the rival countries' advantage on lower labor cost. Nevertheless, in terms of status quo and potential, compared to the rival countries, Thailand still has her advantage of being reliable to the customers by maintaining the ability to meet the customers demand regarding quality, quantity and on-time delivery. However, this group of industry is still influenced by external factors beyond control which is a risk factor from the supply of raw materials. Especially, Cotton is an agricultural product. The quantity and price of cotton in global market was fluctuated. Therefore, the Company has to monitor cotton situation closely and continuously so as to manage cotton inventory more efficiently in order to reduce the risk from market fluctuation. Moreover, building the strength and good cooperation among procurement, production, and sales departments, in working out a plan on sale and a raw materials purchasing plan that responds to the customers' purchase orders, thus appropriately managing the production cost. Moreover, the preventive measures are put in place to avoid the effect from the fluctuation of foreign currency exchange. The measures involve monitoring the situation closely and making a derivative to guarantee the products value according to the customers' purchase order in each period of sale. This will help lower the risk in importing raw materials and exporting products.

As for competitive strategic plans, the Company will be selective about customers by focusing on those who demand high-quality products. Then, adjust the production capacity in accordance with the customer's purchase order. The Company places greater emphasis on customers' highest satisfactions of quality, quantity, and delivery and also makes sure the products and services are consistently improved in order to have its value added continuously. Maximizing production cost control and asset management will also yield more incomes to the Company.

2 PLASTIC, RUBBER AND METAL BUSINESSES



TYPE OF PRODUCTS OR SERVICES

The production and sales in the Group Companies are divided into 4 categories:

1. **Plastic products.** The Companies under this group produced plastic parts using plastic injection molding process. The main products are parts used in motorcycle and automobile industries, electrical and electronic appliances and kitchen appliances.
2. **Rubber products.** The Group has a complete range of operations on its rubber industry ranging from rubber plantation to manufacturing rubber products. The rubber latex is used for production of rubber blocks and smoked sheets. The rubber blocks are used for making elastic threads, elastic bands, elastic webbings and elastic braids, all under the trademark of “Venus”. Products are used in garment industries such as lingerie, diapers and other straps. Also the rubber blocks and smoked sheets are used as raw materials in manufacturing high quality rubber-based glue for making adhesive tape.
3. **Adhesive Tape products** such as paper tape, transparent tape, masking tape and printing tape used for packaging industry and office equipments.
4. **Stainless steel product** such as vacuum bottles and food containers, stainless steel tubes and household products.

SUPPLY OF PRODUCTS FOR MANUFACTURING OR SERVICES

The Group Companies of plastic, rubber and metal has its factory in Bangchan Industrial Estate and its extended production is locating within Saha-Union Group's estate in Bangpakong District, Chachoengsao Province. In 2014, the production capacity remained the same, consistent with the current economy situation. As for the sourcing raw materials for productions, they vary according to the types of industries.

Plastic parts manufacturing business. Plastic-pallet is the raw materials used in this manufacturing process, sourced from both local and overseas suppliers.

Rubber business. The main raw material, "Natural Rubber", came from the rubber plantations and the Company's subsidiary's rubber factory. If it is not enough, supplies will be sourced from other suppliers.

Adhesive tape business. Rubber-based adhesive used for coating the tape has the mixture of rubber and a chemical from petrochemical process. Transparent tape consists of Cellophane and OPP, all of which can be sourced from both local and overseas suppliers.

Stainless steel business. The main raw material is stainless steel sheets which is provided by both local and overseas suppliers.

PERFORMANCE IN 2014

In 2014, this business group was affected by Thailand's economic slowdown. The export was not being as prospected. For the manufacturing of industrial plastic parts, the Group Companies showed declining performance due to the decrease of car sales, compared to the previous year. The recession forced household and business sectors to be more cautious about their expenses and investments. The sales of motorcycles and other product, whose manufacturers were supplied by the Company also decreased.

The stainless steel vacuum bottle and food container factory was not as outstanding as the previous year, despite decent revenue and performance. This was because there was higher competition on product variety and prices in the overseas high-end market, which is the Company's main market. The factory suffered a fire which halted the production temporarily. However, the production was resumed soon after, and is now subjected to capacity expansion in the near future.

For the rubber business, the export was affected by cheaper alternate products made of synthetic rubber which has taken more share in diaper market. For local market, the garment industry became more competitive, due to CLMV countries' advantages on lower cost. Customers turned to use products from the rival countries. As a result, the total revenues were decreased. However, our new products which was developed so as to claim wider market and reduce internal cost, such as rubber products for medical and health supplies began to gain acceptance. The Company is also expecting to launch more new products. However, as rubber price was falling, the performance of the rubber plantation and the rubber blocks factory gradually dropped. There was a need to down-sized of the enterprise in order to adapt to the current situation.

TRENDS OF THE INDUSTRY AND COMPETITION

The competition for this business group is fierce, due to both local and overseas factors such as the rising production cost, labor shortage, and the impact of the coming AEC which will enhance our neighboring countries' competitiveness. These factors are forcing the Company to continuously adapt to the situation, in terms of more efficient management, quick response to the market and development of products, better quality of products, more efficient cost control, punctual delivery, more advanced technology which requires less labors, as well as sustainable environment conservation.

3 TRADING BUSINESS



Computer Union Co., Ltd., has been in computer and Information Technology (IT) business since 1982. A wide variety of computer and IT products and services is currently provided for all types of business, ranging from Small Office Home Office (SOHO) to large enterprises, both in Bangkok and its environs, across the regions of Thailand. In 2012, the trading business was expanded to the Lao People's Democratic Republic.

TYPE OF PRODUCTS OR SERVICES

Today, the Company is an authorized dealer and distributor of products and also services provider as follows;

- Dealer in server and storage products of IBM (Thailand) such as IBM Power Systems (AIX and i05), Storage of Production Line, from Low End to High End Storage, including Switch/Network equipments and IBM PureFlex and Integrated Solution, which Computer Union Co., Ltd., has become Thailand's main distributor from IBM;



- Dealer in Software products of IBM (Thailand), all 8 series, namely
 - ◆ Application Integration and Middleware (AIM): WebSphere
 - ◆ Cloud and Smart Infrastructure (CS&I): Tivoli - Backup and management system software for Cloud Technology
 - ◆ Collaboration: Lotus - Workflow and Portal Software
 - ◆ Information Management (IM) - DB2 and Data Warehouse. The Computer Union Co., Ltd., is the only dealer of Pure Data for Analytics (formally known as Netezza), a Data Warehouse Appliances designed by IBM (Thailand)
 - ◆ Business Analytics: Cognos and SPSS including data analytics software
 - ◆ Security Systems Software: IT security system software
 - ◆ Industry Solution - Business Solution Software
 - ◆ Rational - Software development testing and verification software
- Dealer in products of IBM (Thailand) Global Technology Services (GTS), including Maintenance Agreement (MA), system installation, GTS Implementation Services and Cloud Services
- Dealer in Lenovo (Thailand) for Intel Server and Flex Systems, including OEM Storage Products
- Dealer in Acronis products (Backup Software from USA)
- Sole distributor in Thailand for CommVault (highly acclaimed Backup Software from USA)
- Dealer in Hewlett Packard (HP)
- Dealer in Ronsyecs products - Reader/Encoder and PIN pad
- Dealer in NCR products (ATMs, ATM Security, Banking Software, mobile Banking, Branch Transformation as well as Payment and Imaging)
- Dealer in products of Lexmark International Co., Ltd., including printer, toner and software solution under Lexmark brand
- Master dealer in products of Samsung (Thailand) Co., Ltd. for CCTV and others under Samsung brand
- Gold Server Platform and Gold Datacenter of Microsoft Corporation
- Select Certified Partner and Advance Unified Computing Technology Specialization of Cisco System (Thailand) Co., Ltd.
- Authorized Reseller of Apple South Asia (Thailand) Co., Ltd.
- Authorized Service Provider of Lenovo, HP, Epson, Samsung and Lexmark
- Dealer in Lenovo products (PC, ThinkPad, Server) including hardware products (HP, Ronsyncs, Epson, Samsung, Canon, Fujitsu, Dell, Acer, etc.
 - ◆ Repair and maintenance services provider for hardware, software and Network System including equipments as well as design work and system development.
 - ◆ Selling including installation of closed - circuit television cameras (CCTV) and other security systems.



- ◆ Design, application software development for Mobile Application like IOS and Android as well as installation and consulting service.
- ◆ Media data recovery service (Hard Disk, Flash Drive, Memory card) by Clean room class 100 since 2004, including all operating systems (DOS, Windows, Linux, Unix, Novell, Macintosh), which treated customer information as strictly confidential.

SUPPLY OF PRODUCTS FOR MANUFACTURING OR SERVICES

The Company has engaged in trading and service business as an authorized dealer of IBM Thailand Co., Ltd. However, some products are necessarily ordered from overseas IBM. The Company is a dealer of related products for other brands as well.

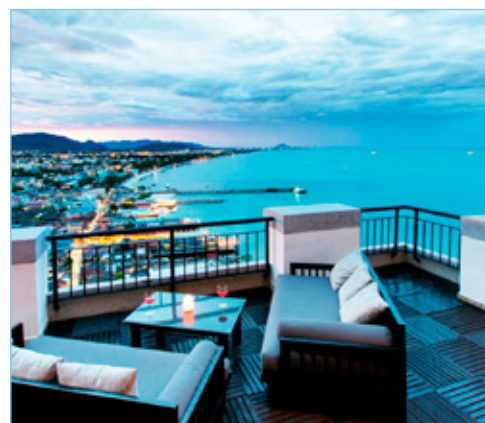
PERFORMANCE IN 2014

The performance was good, despite lower sales than expected earlier that year due to the recession from the government sector as a result of the political instability, until the new government was formed at the end of the year. However, the need for computer hardware still remained. The Company took the situation as a chance to prepare for the coming need of its partners and customers in the near future.

TRENDS OF THE INDUSTRY AND COMPETITION

The industry is likely to grow due to Information Technology (IT) expansion in the public and private sectors. However, the competition is strong, particularly in terms of prices, as new entrepreneurs are marching into the business. But with strict financial disciplines, the Company is highly financially stable, thus maintaining its great competitiveness. In addition, reliable quality and services, as well as constant personnel knowledge development, the Company has been able to meet customers' needs and gained their trust for over 30 years.

4 HOTEL BUSINESS



TYPE OF PRODUCTS OR SERVICES

Hilton Hua Hin Resort and Spa, located at 33 Naresdamri Rd., Hua Hin Sub-District, Hua Hin District, Prachuap Khiri Khan Province, is a five star hotel on the shores of the beach at the centre of Hua Hin Town. The Hotel is 17-story high, offering 296 rooms of different types. Each room has the spectacular view of the Gulf of Thailand. The Hotel provides conference and banquet rooms able to seat approximately 500 guests. There are totaled 7 of bars, bistros and restaurants, a spa, a fitness center, tennis courts, squash courts, a swimming pool, as well as other facilities.

SUPPLY OF PRODUCTS OR SERVICES

In May 2014, the Company invested in a new business, hotel business. A new subsidiary, The Royal Hotel Co., Ltd. (RH), was established with an objective to engage in hotel business and other related businesses. The Company bought the assets and business of Hilton Hua Hin Resort and Spa with Baht 3.2 billion. The Company's interest is 96 percent, thus being able to continue the business instantly

PERFORMANCE IN 2014

In regard to a short term, the returns from the hotel business are still not high, due to investments on additional renovations and decorations. However, the business is estimated to lead to high returns in the long term. The assets are likely to increase in value in the future.

TRENDS OF THE INDUSTRY AND COMPETITION

The competition in hotel business is fierce, but with Hilton Hua Hin Resort and Spa's advantageous features such as its 17-story height by the beach at the heart of the town where construction of a building with more than 4 stories are not allowed anymore and the ocean view of every guest room. Today, Hua Hin town is considered a premier tourist attraction. It has great potential and is popular among both local and foreign travelers, as it is not far from Bangkok, easily accessible either car or plane. Therefore, its tourism industry is estimated to grow continuously in the future.

5 ENERGY BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA



TYPE OF PRODUCTS OR SERVICES

At present, the Company has 3 joint venture companies in energy business with the State-Owned Enterprises in the People's Republic of China. Two Cogeneration Plants are in Zhejiang Province; Jiashan-Union Cogeneration Co., Ltd. and Shangyu Hangzhou-Union Cogeneration Co., Ltd. and one is in Yunnan Province named Yunnan Energy Luliang-Union Cogeneration Co., Ltd.

SUPPLY OF PRODUCTS FOR MANUFACTURING OR SERVICES

The cogeneration plants in Zhejiang Province, the People's Republic of China uses coal as main fuel which mostly came from coal mines of the Northwestern part of the country.

PERFORMANCE IN 2014

The Company invested to expand capacity of Shangyu Hangzhou-Union Cogeneration Co., Ltd., which has been gradually operation since the beginning of 2014. The overall performance in the previous year of the two power plants in Zhejiang Province was good. Approximately 80% of income was generated from selling steam production of which most customers are factories in the industrial estate. The rest are from other industries. The demand for steam is continuously increasing, so is the sale volume. At the same time, the price of coal, the main fuel, was quite stable in the previous year resulting in great ability to control the production cost.

In regard to Yunnan Energy Luliang—Union Power Co., Ltd. in Yunnan Province, after being restructured to a cogeneration plant, last year's performance did not achieved as the plan. Its performance was under loss continuously. The Company has currently been working on solving the issue.

TREND OF THE INDUSTRY AND COMPETITION

Since steam power plant business is considered the country's utility, therefore, its production capacity and sales depend on the growth of the country's economy. In short term, the demands for steam and electricity are likely to grow higher due to the local government's pollution-reduction policy, encouraging industrial factories to utilize steam from a power plant in their vicinity instead of using their own boilers individually. Furthermore, factories are increasing their production capability. New projects are also promoted by the local government. At present, however, the People's Republic of China has a strict policy of issuing the investment permission to a coal-fired power plant project. The investment on the capacity expansion is likely to take longer and is more difficult. The authority will only permit projects with advanced technology and more efficient machinery which reduces and limits the pollution emission, thus maintaining the environment in accordance with the environmental control standards. The measures to reduce the environmental impact are more and more rigorous each year, resulting in higher investment for the Company.

Regarding the business competition, all electricity generated will be sold to the local electricity authority for the fixed price. Steam is mostly sold to factories within the industrial estate for agreed prices, which can vary based on the changing price of coal. The steam delivery is done by piping through underground internal network systems which are designed and approved by the industrial estate itself. As a result, by default, this reduces the problem of competing with overlap steam pipelines from other power plants.



6 OTHER BUSINESSES IN THE PEOPLE'S REPUBLIC OF CHINA



REAL ESTATE BUSINESS

TYPE OF PRODUCTS OR SERVICES

The Company has invested in 2 real estate projects in the People's Republic of China.

Riverview Garden Project in Jiashan, Zhejiang Province, operated by Jiashan-Union Development Co., Ltd. It is a construction project of 4-story buildings and residential condominiums situated on a property of 139 MU in total or approximately 58 rai. The total construction area is approximately 250,000 square meters.

Project at Shaoxing, Zhejiang Province, operated by Zhejiang-Union Property Co., Ltd. This is a residential and commercial construction project, situated on the total property of 11.5 MU or 7,669 square meters. The total construction area was about 30,000 square meters.

SUPPLY OF PRODUCTS OR SERVICES

The Company entered bid for a property license from the local government for residential and commercial development projects in Jiashan and Shaoxing.

PERFORMANCE IN 2014

Jiashan-Union Development Co., Ltd. is operating the Riverview Garden Project in Jiashan. Its objectives are design and construct with high quality. It is considered a very popular project with excellent surroundings. Its landscape was awarded distinguished landscape at the regional level, bringing in a good reputation. In the last year, large condominium rooms were open for sale; however, the sale was quite slow, due to the government's stricter loan approval. But since the second half of the year, due to China's Central Bank's interest rates cut and the government's less strict loan approval, the sale has been picking up the pace. The project is divided into 3 phases as follows:

- Project Phase 1** This concerned condominium building. The construction was completed and was sold out in a short period of time. The transfer procedure was also completed.
- Project Phase 2** This involved four condominium buildings which were sold out and seven high-rise buildings which are under construction. Three of the high-rise buildings contain medium-sized condominium rooms. The other four high-rise buildings contain large and extra-large condominium rooms.
- Project Phase 3** This concerned six high-rise buildings with medium-sized condominium rooms, now under construction.

Zhejiang-Union Property Co., Ltd. is operating the real estate project in Shaoxing, Zhejiang Province. Its construction of foundation started at the end of 2013. All main structures are already completed. The building construction and landscaping of projects' surroundings are estimated to be completed mid-2015. The project consists of a total of 3 buildings with 166 residential units, 142 units of commercial buildings and shops, and 135 underground parking spaces. It is now open for sale and generating income.

TRENDS OF THE INDUSTRY AND COMPETITION

The business of real estate development relies on the growth of China's economy. As a result of the current economic recession, the sales of residences are slow. The selling prices of real estates are falling, with the risk factor as the government's real estate control policy. However, the trends of real estate business are still positive, as long as the project maintains sufficient working capital with a moderate amount of loan and keeping regular sales. As the competition is fierce, the important factors in competition are location of the projects, quality and sale price.



CHEMICAL INDUSTRY BUSINESS

TYPE OF PRODUCTS OR SERVICES

The Company has invested in chemical industry business in the People's Republic of China, operated by Taxing-Union Zond Chemical Co., Ltd. (Taixing-Union), located in Taixing, Jiangsu Province. The plant mainly manufactures Phthalic Anhydride (PA) which is a chemical for the production of Phthalate Plasticizers, Thermoplastic Resins-Polyvinyl Chloride (PVC), etc. Minor product is Fumaric Acid, which is used as food additives and also as a precursor for Polyester Resin production.

SUPPLY OF PRODUCTS FOR MANUFACTURING OR SERVICES

Ortho-Xylene is a petrochemical that was previously used as the main material in the production of Phthalic Anhydride. After improvements in manufacturing process regarding production techniques in a bid to be able to use variety of raw materials for production, Naphthalene is now being used as a supplement raw material in the production of Phthalic Anhydride due to its lowered price, thus reducing the production cost. The manufactured Phthalic Anhydride in the form of crystal or liquid is supplied to the producers of Plastic PVC, Polyester, Resin and other products

PERFORMANCE IN 2014

The improvements in production process by mixing Naphthalene as a supplement raw material instead of the sole use of Ortho-Xylene enabled the Company to have better control over the production cost to some extent. Unfortunately, affected by the global economic recession and the high fluctuation of material cost which led to the instability of selling prices, the performance in 2014 was below target.

TRENDS OF THE INDUSTRY AND COMPETITION

Given that Phthalic Anhydride is classified as an industrial chemical, the law stipulates that its plant must be located in a chemical industrial estate and provided with strict rules and assessment of environmental impact. In the preceding production process, the Company managed to lower pollution and control pollution emission in conformity with the set forth standards. The competition is still high. The market is changing. Supply of the product exceeds demand and hence the selling prices cannot be raised. At the same time, the prices of materials are still high, due to the monopoly in petrochemical business.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

The main activities of Saha-Union Public Company Limited are investments in textile, plastic, rubber, metal, trading, hotel and energy businesses, including other businesses in the People's Republic of China such as property, chemical and automobile carpets. Being socially and environmentally aware, the Company's Board of Directors has conducted business with the sense of corporate social responsibility (CSR) for the benefit of all stakeholders and for its sustaining business growth.

The Company has set its ethical values, that is-integrity, quality and service. For over 40 years, these values have been transmitted by the highest ranked executives to all levels of employees, ranging from executives to workforce level. They have been all informed and adhered to the Company's values.

To meet the changing circumstances, the Board of Directors had considered the vision and mission.

VISION

A leading reliable investments company on diverse business activities, while managing a strong business growth and producing high yields of return on investment.

MISSION

- Improve and strengthen the existing business activities.
- Extend the business of which the subsidiaries have skills or body of knowledge
- Manage the existing investments and seek new long term potential investments yielding a good return.
- Promote a new generation of skilled and competent executives showing leadership and sharing the Company's culture based on integrity, quality and service.
- Encourage staff and give them the opportunity to continuously improve their learning and skills.
- Cultivate continuously the corporate values.
- Oversee business management in a way that it is efficient, transparent and verifiable according to the international standards, with the aim of maximizing profits, increasing the value of trade and yielding a suitable return to the Company, related parties and all stakeholders, namely employees, shareholders or investors, customers, trade partners, creditors, rivals, communities, society and nation.

Incidentally, the scope of this Corporate Social Responsibility (CSR) report is focused on the Company's investment and sales of raw materials used in woven fabric, elastic band and metal businesses to the Group Companies and the export of adhesive tape products overseas. However, the sales part has no significant proportion. According to the disclosure information standards, the risk factor in business was taken into consideration as it is reflecting the way the Company operates its business and the report was done in accordance with the guidelines set by the Stock Exchange of Thailand (SET), issued by the Office of the Securities and Exchange Commission (SEC).

The following report of CSR performance was done in consideration of stakeholders namely, investors and or shareholders, employees, associates, customers, trading partners, debtors, competitors, communities, relating organizations and intellectual property owners.

The Company's operations of CSR under the organizational competencies and currently available resources (in 2014) consist of:



1. FAIR BUSINESS OPERATIONS

1.1 Fair Competition

The Company committed to do business fairly without taking advantage of its rivals. Therefore, no prior business information or any relating information was used to compete with business rivals or to discredit them. The Company would not disseminate any partners' confidential information. Any agreement made would be followed earnestly. For example, once the advance purchase of cotton was established, the cotton's market price dropped later, the Company yet continued to respect the agreement made earlier including making every payment on time as scheduled.

In addition, the Company consistently has conducted businesses fairly vis-à-vis its customers, without taking any advantages with honesty and good professional ethics.

1.2 Corporate Social Responsibility (CSR) in the Business Chain

The Company's joint ventures were equally treated and had the equal rights as shareholders. They were paid the same amount of dividend and at the same time as those of Thai party. All joint venture's benefits were not abused due to the accuracy, completeness and ethical transparency of finances and related financial information.

1.3 Respect for the Property of Others

The Company made an announcement of policy against any actions by its employees involved in intellectual property violation. All executives and employees were encouraged to use products, equipment and services of which its legal copyright preserved.

2. ANTI-CORRUPTION MEASURES

2.1 The anti-corruption policy

The Company holds a policy of doing business based on previously-mentioned ethical values and good administration-that is to work honestly without corruption. This policy was enforced not only among the business of the Company and the Company group in Thailand but also the invested Company overseas. All the accounting reports must be done with completeness and with accuracy including correct tax calculation and payments. There were not any bribes paid to any persons involved. As a result, the related authorities always received the correct information. The

Company would pay taxes correctly. The government would not lose its benefit. This is the policy that the Company has followed consistently. In this way, the Company has earned trust from both the government sector and the society.

2.2 Work Guidelines according to the Policy

The Company has instilled high a value of morality, quality and benefits all the way from management to employees. Laws and regulations will be observed and followed strictly by raising awareness of both executives and employees. Moreover, employees will receive a Guide to Rules and Regulations for Employees, as stated in chapter 6, "The discipline and disciplinary sanctions article 6.1 (f)", article 6.2 (4) "Work with honesty" and article 6.3, "Violation Penalty Policy" and "The Termination of Employment". In order to reinforce the Company's policy in business operations, an internal control system was established to efficiently and productively monitor and track for corruption, all of which would go under an inspection procedure conducted by the internal auditing department.

Prior 2014, the Board of Directors had committed to the policy of anti-corruption in the society by donating 1 million baht to Thailand's Private Sector Collective Action Coalition against Corruption (CAC).

2.3 The Disclosure of Performance and Progress in Practice

In 2014, there were not any issues or substantial faults involving the prosecutions, investigation, allegations or any lawsuit regarding unfair competition operation, corruption, discrimination or unequal employment, non-compliance with laws, including getting fined or non-fine penalty in any violations caused by non-transparent or incorrect operation of previously mentioned matters.

3. THE RESPECT FOR HUMAN RIGHTS

The Company promotes basic human rights of freedom, equality in expression, including rights in economic, social and cultural status to which all individuals concerned are entitled according to the highest standards possible.

3.1 Respect Human Rights Principles at Work

The Company has a policy of basic human rights, for example, employee rights to express their opinions. The Company will indiscriminately listen to employees' agendas and put it into consideration to find measures



to prevent or release, and or correct the effects of the matters caused by the organization's activities. As for the right of investors or shareholders, the Company will indiscriminately respect their right of both local and foreign investors. The Company will receive and response to the comments from the minor shareholders with respect. The Company has established an investor relations department to help provide information as well as the opportunity for the shareholders to propose the agenda 4 months prior to the next shareholders' meeting. Furthermore, the Company will respect the customers and partners' rights based on the mutual agreement.

3.2 Policy and Guidelines at work

Since the Company's main business is both domestic and overseas investments, the policy of human rights is firmly established to observe the rights of the invested companies' employees are not violated but individually, fairly and indiscriminately respected. Also the employees' safety and occupational health measures are legally established and strictly followed.

3.3 Important Measures on Labor Rights

The Company's policy offers its employees the labor rights in accordance with the relating law. The employees receive benefits based on the Company's rules and regulations, including provident funds. The representatives from the Company and the Group Company, periodically participate in the meetings to oversee possible labor problems, sort out corrective action plans to work peacefully together.

4. PRACTICE ON FAIR LABOR

The partly important stakeholders in an organization are staff or employees. The Company attaches importance to human resources matter consistently as it is an essential mechanism in driving the organization to achieve its economic targets as well as creating the impact in the society.

4.1 Employment and Benefits

The Company's human resource management policy is setting up criteria for employment, benefits, salary based on job position and fringe benefits. Employees will be treated fairly and will not be exploited. Employees will receive their pay in full and on time, the Company will set up payroll twice a month. In addition to benefits offered to employees in accordance with the Company's rules and regulations, the contributions and benefits from employees' provident funds, based on the funds' regulations are included.

Moreover, the employees are offered the benefits from Employee Savings and Credit Cooperatives of Saha-Union Group. The Company will allow employees holidays, sick leave and annual vacation based on years of service to the company. Moreover, the employees benefit the right of yearly physical examination according to the regulations. In 2014, the Company had 84 employees in total, 6% were newly employed and 8.33% were out of employment status. 100% were the rate of employee retention or those returning to work after maternity leaves. The Company offers its employees equal labor rights and benefits, regardless of gender.

4.2 Occupational Health and Safety

Even though the Company is not industrial factory, but employees' occupational health and safety are taken into consideration. For example, water of good clean quality as well as drinking water is provided to promote healthy employees, including annual health examinations. Schedule routine-maintenance for workplace's air-conditioning system as well as provide a good work environment and adequate workspace. Routinely inspect the elevator system including setting up the alarm systems. A number of fire extinguishers are installed properly in each location and routinely maintained. Therefore as the investment Company, there are not cases of pollution emissions to the nearby area concerned. The employees' work environment carries high standards of occupational health and safety. However, the executives will accept (if any) complaints and take any measures necessary for improvement in accordance with the company's emphasis on employees well-being policy.

4.3 Diversity and Equal Opportunity

The Company employs diversified group of employees, regardless of their genders, races, religions, age, education and others. The policy of equal treatment and opportunity employment is firmly held in place. For example, employees, regardless of gender, will receive their pay equally such as basic salary rate based on job description. Moreover, the Company gives employees the opportunities to improve their learning and competences which match their job description, including promotion potential to a higher position. Employees are also offered 6 hours of training per person per year.



5. RESPONSIBILITIES TO CONSUMERS

The Company adheres to its standards of product quality or services, of which is for not only consumers' health safety but also at reasonable price based on the agreed quality.

5.1 Health and Safety of Customers

The Company products which are raw materials used in woven fabric such as cotton and synthetic fiber, and stainless steel, all of which are used to manufacture garments, elastic bands and vacuum bottles, respectively. The Company selectively offers the products with high quality and safe to human body. Stainless steel used in the manufacturing of vacuum bottles are of very high quality standards with good protection and durable. Also, under the Group Company's manufacturing process, the vacuum bottles offer consumers a very safe and healthy product. The food coloring used in this product is at the safety level for consumers. Therefore the consumers can trust the Company's product quality as well as those manufactured and distributed by the Group Company. Similarly, the Company exports high quality adhesive tape products under the trademark of "Unitape, Panfix, Sello Tape, Fuji and Nichiban". In addition, the Company will not only maintain the quality of products but also take responsibility in tracking the shipment, its quality, price and agreement's time period.

5.2 Product Labels and Services

The Company not only offers to its customer's high quality products but also provides a communication on products and correct instructions. This is to achieve the Company's objectives of offering high quality products to its customers as much as maximizing the use of products. The Company will clearly label the product according to standards by showing its name, its brand name, its capacity, bar code data, its ingredients by identifying the Universal Product Code (if any), its qualification, its use recommendation, its warnings and manufactured date according to the international laws and standards. The information provided will be all valid information.

5.3 Marketing Communications and Customer Privacy

The Company's marketing communications method is product labels and user's instructions. For example, in the case of vacuum bottles of which the Company has transferred its distribution to the Group Company that manufactures the products, only the

pamphlet showing different models or merely the picture label of the products were provided. The Company has not done marketing communication on this product via advertising. Therefore there was no exaggeration in product advertising and no misguiding customers in product quality. On the contrary, it's the consumers themselves who decide and accept the quality and safety of products. It is the consumers' word-of-mouth that recommends the product to others. Since the Company did not have marketing expense, the merchandise price did not have to absorb the advertising costs, therefore, the sale price is very reasonable.

The Company is aware that good ethical business practices can lead to business sustainability. Up to now, the Company has never disclosed customers' confidentiality, nor exploited it to the Company or relating party's benefit without permission. In the past, the Company never got fined from violations of consumer protection laws and other relating regulations.

6. ENVIRONMENT CONSERVATION

As the investment Company and its other businesses are of trading type, there was not any significant element that requires natural resources where living organisms might be affected by their operations. The Company and its other businesses' operations emitted neither pollution nor polluted water that might destroy the environment. The Company carefully uses energy and water efficiently based on normal standards. However, the Company has invested in the use of natural resources and environmental conservation including complying with any relating laws and regulations.

6.1 Sustainable Utilization of Natural Resource

The Company invested in the Cogeneration Plant in Zhejiang Province, in the People's Republic of China which uses coal as fuel. Therefore the Company did a study of how to reduce coal consumption. By using modern technology of recycling the ash, the residual waste from coal can be used as fuel as well. This method not only helps reduce the consumption of natural resources but also improves the performance since production costs are lower.

6.2 Prevention and Reduction of Pollution Impact

Every factory in which the Company has investments is a manufacture industrial factory. All of them have pollution prevention systems and are invested in programs that reduce environmental pollution impact. Their managements are implemented according to the standards and laws. To give an example, the elastic band factory has 2-step-waste-water treatment system. Until the wastewater was tested safe, not creating any pollution to the environment, it will be released from the factory. Other factories also follow suit.

7. SOCIAL AND COMMUNITY DEVELOPMENT

The Company is aware of stakeholders both in community and those outside the area. Consequently, for a better living, the Company has participated in the following activities;

7.1 Role in the Market and Job Creation

The Company and its invested company developed the community by hiring people mostly from the local area and surrounding communities in order to build a strong foundation for their lives. For example, the invested companies in Bangpakong District and Bang Chan District, most of their employees are local residents. Their communities become important labor markets, constantly creating jobs to increase their incomes.

7.2 Community Involvement

In regard of Item 7.1, the above mentioned companies hold annual religious activities such as the Kathin ceremony, offering robes to Buddhist monks festival or Tod Pa Paa, Buddhist Lent Festival at neighborhood temples, and donating books for neighborhood libraries to benefit the local members.

Moreover, the companies will accept any ideas or complaints from the local residents in order to find the way to improve to the better society.

In 2014, the Company and its subsidiaries did not receive any investigations, accusations or lawsuits that could significantly affect the business operation, reputation or the Company and its subsidiaries' reliabilities over the principles of the above-mentioned operations.

CORRUPTION PREVENTION POLICY

The Company has formulated a policy of anti-corruption and provided guidelines on this subject in the Corporate Governance Handbook, Code of Business Conduct and Rules and Regulations for Employees in accordance with core values of the Saha-Union, that is-integrity, quality and service. These values have been observed by the Company's directors, executives and all employees and regarded as ethical corporate culture which has been promoted and cultivated. It is their duty and responsibility to acknowledge, understand and ensure its rigorous compliance.

The organizational structure is established through a sufficient and appropriate system to prevent business conduct of the Company from any actions related to corruptions, no matter what form of bribery and corruption: seeking, accepting or paying.

The Company provides a system of internal audit to oversee and monitor its compliance with the Corporate Governance Handbook, Code of Business Conduct and rules and regulations for Employees by requiring regular audits. Then, the audit reports will be submitted to the Audit Committee and/or the Board of Directors who decide to integrate audits relevant to corruptions into internal audit plans.

The Company will examine and improve standards of anti-corruption measures proposed in the Thailand's Private Sector Collective Action Coalition Against Corruption Project (CAC) and review the Corporate Governance Handbook, Code of Business Conduct and Rules and Regulations for Employees with the aim of adopting clearer and more inclusive guidelines.

Social Benefit and Environment Activities

Saha-Union Public Company Limited and Group Companies are aware of the importance of social, community, and environment development, thus encouraging its participation for the cause by conducting business with a sense of responsibility towards the society through various activities, based on its core ethical values, "Integrity, Quality, and Service". The Company constantly collaborates with the government, public sectors, and associated organizations, so as to conserve valuable Thai cultures and traditions, demonstrating the commitment to creating shared values between business and the society necessary for the sustainable development.

EDUCATIONAL ACTIVITIES

Saha-Union Group recognizes the importance of learning as a foundation for the development of knowledge, skills, and expertise which contribute to a stable career, as well as the benefit of the society. Therefore, the Company provides support to the education in schools, universities and communities. For example, a Group Company offered a knowledge sharing on real work experience to students in the Faculty of Science and Technology at Prince of Songkhla University, Pattani Campus, at the work site. This program was directly beneficial for students majoring in this field.



ENVIRONMENTAL ACTIVITIES

Saha-Union Group promotes and builds awareness to employees in the efficient use of natural resources, and participates in the conservation of natural resources and environment in accordance with the law and environmental international standards by adopting the environmental management standard ISO14001 to continuously improve the manufacturing process as well as wastewater treatment system and air pollution treatment. A good company must be responsible for good environment of the surrounding community. In hope that these valuable natural resources will remain for next generations, Saha-Union Group has become part of development and conservation of environment along with its business engagement as follows:

- Access to wastewater treatment systems to meet the standard and safe before release into the public water supply;
- A campaign on paper use reduction, so as to reduce deforestation and the global warming;
- A Group Company is certified by the Ministry of Industry as “Green Commitment”, level 1 of green industry award for its commitment to reducing impact on environment that is well-recognized by its employees;
- Participation in water quality improvement in collaboration with Bang Pu Sub-District Municipality by providing surface aerators;
- A Group Company participating in the campaign, “Clear Water Back to the Community,” held on World Environment Day, collaborating with Bang Chan Industrial Estate by pouring bio extract into the San Sab Canal, at Wat Bamphen Nua, Bangkok, so as to rejuvenate the canal.



Participating in the campaign, “Clear Water Back to the Community,”

SOCIAL ACTIVITIES

Saha-Union Group encourages employees to be involved in social development by providing support and assistance to the community in its vicinity. Last year, Saha-Union Group provided financial support and facilities necessary for the development of youth in the surrounding community. Other social activities included:

- Blood donation from employee representatives to Thai Red Cross;
- Donation for children development at Bang Chan Mosques School;
- Sponsoring and giving the Children's Day gift to schools, police stations, and communities



Donation to Bang Chan Mosques School



Sponsoring and giving the children's Day gift to the school and Communities

RELIGIOUS ACTIVITIES

Saha-Union Group and Group Companies, along with the management and staff, joined the Royal Kathin Ceremony at Wat Rakang Kositaram Woramahawihan, Bangkok, on 26 October 2014, so as to dedicate merit to the H.M. King and to preserve Buddhism by offering a total of Baht 2,898,891.75.



In addition, Group Companies joined in various activities last year, as well as promoted good morals among employees, such as:

- Representatives from the management and staff participating in the Islamic religious merit on the New Year's Celebration Ceremony.
- Participating in a Kathin Ceremony at Wat Tam Ru, Samut Prakarn;
- Participating in a Kathin Ceremony with 12th Infantry Regiment at Wat Thung Sawang Arom Yen and Wat Ban Tun, Sa Kaeo;
- Participating in a Thot Pha Pa Samakki Ceremony with the Foundation of the Disabled, Nontha Buri, providing financial support to creat facilities for the disabled and elderly in the area, at Wat Bang Phai, Nontha Buri;
- Representatives from the management and staff participating in rice and dried food offerings to monks at Wat Tai, Bangkok, in an occasion of New Year's Celebration Ceremony.



Representatives from the management and staff participating in the Islamic religious merit on the New Year's Celebration Ceremony.



Participating in rice and dried food offerings to monks in an occasion of New Year's Celebration Ceremony.



Participating in a Kathin Ceremony at Wat Tam Ru, Samut Prakarn;



Participating in the Buddhist Lent Day at Wat Bumpen Neua, Minburi, Bangkok.

SHAREHOLDING STRUCTURE

CORPORATE SECURITIES

- The Company had a fully paid-up registered capital of Baht 3,000 million, divided into 300,000,000 ordinary shares of Baht 10 each.
- The Company had no types of shares which differed in rights or conditions other than the ordinary shares.
- The Company had no plan to issue and convertible shares to the Thai Trust Fund or to issue non-voting depository receipts (NVDR) which was regarded as a listed security.
- The Company had no securities other than the ordinary shares.
- There was no Shareholders Agreement between groups of major shareholders on effect of the Company's securities issuance or its management.

SHAREHOLDERS

List of Top 10 major shareholders of Saha-Union Public Company Limited

As of 6 June 2014

No.	Shareholders	Beneficial Owner	Major Business	No. of Shares	Percentage of Shares
1	Group of Companies				
1.1	Union Thread Industries Co., Ltd.	Darakananda Group	Investment	29,850,000	9.95
1.2	Union Business Management Co., Ltd.	Darakananda Group	Investment	22,574,000	7.53
1.3	Union Capital Co., Ltd.	Darakananda Group	Investment	20,159,300	6.72
1.4	Union Industries Corp., Ltd.	Darakananda Group	Investment	17,988,300	6.00
1.5	Uni-Fibre Co., Ltd.	Darakananda Group	Investment	13,551,340	4.52
1.6	Saha-Union Holding Co., Ltd	Saha-Union PLC.	Investment	6,239,994	2.08
1.7	Union Multi-Capital Co., Ltd	Darakananda Group	Investment	6,082,000	2.03
1.8	Darakananda Co., Ltd	Darakananda Group	Investment	3,000,000	1.00
1.9	Union Equity Co., Ltd	Saha-Union PLC.	Investment	2,782,700	0.93
1.10	Union Wealth Management Co., Ltd	Darakananda Group	Investment	2,420,000	0.81
2	Mrs. Jarunee Chinnawongworakul			17,801,600	5.93
3	Mr. Chalermchai Mahagitsiri			14,464,000	4.82
4	Bangkok Bank Public Company Limited			12,325,000	4.11
5	DBS Bank A/C DBS Nominees-PB Clients			10,745,000	3.58
6	Mr. Kumtorn Poonsakudomsin			7,985,644	2.66
7	The Southeast Life Insurance Public Company Limited			7,121,000	2.37
8	Mr. Chutindhon Darakananda			3,427,700	1.14
9	Mr. Sumeth Darakananda			3,008,314	1.00
10	East Fourteen Limited Dimensional Emer Mkts Value Fund			2,963,700	0.99
Total				204,489,592	68.16

POLICY OF DIVIDEND PAYMENT

The Company's policy on dividend payment was a proper rate of return on investment to shareholders, dependent on the performance of the Company, at a rate not less than 1/3 of the annual net profit, after accumulated loss (if any), from the separate financial statement of the Company.

Concerning the subsidiaries' policy on dividend payment for the Company, it is determined by each subsidiary based on its performance.

SHAREHOLDING OF THE DIRECTORS

No.	Name		Shareholding		
			No. of Shares held in 2014	No. of Shares held in 2013	% Change
1	Miss Sriwarin	Jirapakkana	157,284	157,284	-
2	Mr. Chutindhon	Darakananda	3,427,700	3,427,700	-
3	Mrs. Achara	Chandrachai	-	-	-
4	Mr. Chivin	Chaipanich	-	-	-
5	Miss Pakinee	Prertitumrong	1,950,624	1,950,624	-
6	Mrs. Busarakham	Nilavajara	-	-	-
**7	Mr. Yanyong	Tangchitkul	434,000	434,000	-
8	Miss Dalad	Sapthavichaikul	13,052	13,052	-
**9	Mrs. Chantontree	Darakananda	1,069,400	1,869,400	(42.79)
10	Mr. Vichai	Chaitaneeyachat	-	-	-
11	Mr. Thitivat	Suebsaeng	-	-	-
**12	Mrs. Pinijporn	Darakananda Kasemsap	137,000	137,000	-
13	Mr. Bovornrat	Darakananda	-	-	-
14	Mr. Vacharaphong	Darakananda	1,582,600	1,582,600	-
15	Mr. Nanthiya	Darakananda	-	-	-

Remark: No. of shares held by the Director No. 9 was lower due to the proportion of related person decreased.

SHAREHOLDING OF THE EXECUTIVES

No.	Name		Shareholding		
			No. of Shares held in 2014	No. of Shares held in 2013	% Change
1	Mr. Preecha	Shunhavanich	-	-	-
**2	Mrs. Srinual	Sombatpraiwan	602	602	-

** Included related person

DIRECTORS' REMUNERATION

Remunerations for the Company's Directors comprising of Meeting allowance and/or Directors' remuneration, which are fixed based on individual position and previously approved by the 2014 Shareholders' Meeting. Remunerations paid to each Director for the fiscal year 2014 were as follows:

(Unit : Baht)

No.	Name	Position	Remuneration					
			Remuneration of the Position	Board of Directors' Meeting Allowance	Audit Committee' Meeting Allowance	Nomination and Remuneration Committee' Meeting Allowance	Total Remuneration	Total Remuneration from Subsidiaries
1	Miss Sriwarin Jirapakkana	Chairman	4,320,000.00	120,000.00	-	-	4,440,000.00	156,000.00
2	Mr. Chutindhon Darakananda	Vice Chairman/ Member of the Nomination and Remuneration Committee	4,050,000.00	120,000.00	-	20,000.00	4,190,000.00	96,000.00
3	Mrs. Achara Chandrachai	Chairman of the Audit Committee/ Independent Director	-	120,000.00	132,000.00	-	252,000.00	-
4	Mr. Chivin Chaipanich	Member of the Audit Committee/ Independent Director	-	120,000.00	120,000.00	-	240,000.00	-
5	Miss Pakinee Prerttitumrong	Member of the Audit Committee/ Independent Director / Member of the Nomination and Remuneration Committee	-	120,000.00	120,000.00	20,000.00	260,000.00	-
6	Mr. Yanyong Tangchitkul	Chairman of the Nomination and Remuneration Committee/ Independent Director	-	120,000.00	-	20,000.00	140,000.00	-
7	Mrs. Busarakham Nilavajara	Independent Director	-	120,000.00	-	-	120,000.00	-
8	Miss Dalad Saphthavichaikul	President	-	120,000.00	-	-	120,000.00	288,000.00
9	Mrs. Chantornree Darakananda	Director	-	120,000.00	-	-	120,000.00	96,000.00
10	Mr. Vichai Chaitaneeyachat	Director	-	120,000.00	-	-	120,000.00	96,000.00
11	Mr. Thitivat Suebsaeng	Director	-	120,000.00	-	-	120,000.00	48,000.00
12	Mrs. Pinijporn Darakananda Kasemsap	Director	-	120,000.00	-	-	120,000.00	-
13	Mr. Bovornrat Darakananda	Director	-	120,000.00	-	-	120,000.00	-
14	Mr. Vacharaphong Darakananda	Director	-	120,000.00	-	-	120,000.00	210,000.00
15	Mr. Nanthiya Darakananda	Director	-	120,000.00	-	-	120,000.00	192,000.00
			8,370,000.00	1,800,000.00	372,000.00	60,000.00	10,602,000.00	1,182,000.00



EXECUTIVES' REMUNERATION

Total remunerations was paid to the 3 Company's Executive and Non-Executive Directors in 2014 amounted to Baht 8,339,250.- comprising of salaries and bonuses. Apart from the aforementioned, other Executive Directors holding equivalent position to the 4th Executive succeeding the President were not entitled to remuneration of this kind, because they had been the Executives in other Group Companies and accordingly received remunerations from those companies in term of salaries and bonuses.

In 2014, the Company paid an aggregate of Baht 79.02 million as remunerations (salaries and bonuses) to totally 48 Executives in 10 Subsidiaries undertaking

OTHERS REMUNERATION

In addition to the above salaries and bonuses, the Company paid other remunerations to 2 executives in the form of contributions to Provident Fund, managed by the BBL Asset Management Co., Ltd. as a Fund Manager, at a rate of 3% of individual salary. The other remunerations in 2014 were Baht 193,500.-

PERSONNEL

As of 31 December 2014, the company has had 84 employees, divided among 2 areas; Sriracha area: 16 employees and Phrakanong area: 68 employees. The Company's subsidiaries' total number of employees nationwide is 8,202. In the past 3 years, the Company has not obtained any major labor disputes.

Since year 2007, the Company has made some changes on its structure of management by setting a policy to allow direct sales between subsidiary companies and the customers. In order to provide uninterrupted service to the customers, the Company has relocated some employees to resume the same positions at the subsidiary companies. As a result, the number of employees has significantly changed from the past.

The total remuneration of the Company's as of year 2014 came as monthly salary, bonus pay, provident fund and social security fund with the total value of Baht 59.8 million.

The Company's human resource development has set a policy projecting employee self-evaluating, creative thinking and job improvement. The employee should have knowledgeable, ability and skills in accordance with the applicable job description including a potential ability to take on a higher level position. Thus, the Company has been training employees using both inside and outside seminars, depending on appropriate occasions. The Company attends seminars designed for mid-level executives as part of the Company's continuing executive development plan. This has been done continually to prepare the Company's accounting department to become one with global standards, legally promulgated since 1 January 2011 and which the Company will enforce on 1 January 2014.

STRUCTURE OF MANAGEMENT

The Company's Board of Directors structure is composed of four committees, namely the Board of Directors of which five or one-third of the fifteen directors are independent. The sub-committees are the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Investment Committee.

Here are lists of the committees as of 31 December 2014 with scope of their authorities

1. BOARD OF DIRECTORS: There are 15 members on the Board of Directors as follows;

	Name		Position
1.	Miss Sriwarin	Jirapakkana	Chairman
2.	Mr. Chutindhon	Darakananda	Vice Chairman
3.	Mrs. Achara	Chandrachai	Independent Director
4.	Mr. Chivin	Chaipanich	Independent Director
5.	Miss Pakinee	Prertitumrong	Independent Director
6.	Mr. Yanyong	Tangchitkul	Independent Director
7.	Mrs. Busarakham	Nilavajara	Independent Director
8.	Miss Dalad	Sapthavichaikul	Director and President
9.	Mrs. Chantorntree	Darakananda	Executive Vice President
10.	Mr. Vichai	Chaitaneeyachat	Director
11.	Mr. Thitivat	Suebsaeng	Director
12.	Mrs. Pinijporn	Darakananda Kasemsap	Director
13.	Mr. Bovornrat	Darakananda	Director
14.	Mr. Vacharaphong	Darakananda	Director
15.	Mr. Nanthiya	Darakananda	Director

Remark: Mr. Vichai Chaitaneeyachat resigned from the director position due to the retirement, effective since 1 January 2015, which the Nomination and Remuneration Committee's Meeting considered and elected a qualified person to propose the Company's Board of Directors' Meeting No. 13/2014. The resolution of the Meeting was Mr. Preecha Shunhavanich appointed to be the Company's Director instead of Mr. Vichai Chaitaneeyachat since 1 January 2015.

The Board of Directors has authorities in line with the business administration structure as below

1. Plan directions, set goals and business operating policies of the Company.
2. Supervise and oversee business administration, monitor appropriate risk management and make profits so as to make appropriate return on investment to the Shareholders.
3. Supervise and oversee the Company's accounting system in compliance with accounting standard and provide financial reports with complete and accurate records.
4. Ensure a good reputation and image of the Company.
5. Appoint and remove the President of the Company as well as the Managing Director of the subsidiaries of which the Company is a major Shareholder.
6. Stipulate a purview of the Company' President and the subsidiaries' Managing Directors.
7. Make decisions on work plans and annual budgets proposed by the Company's Managing Director.
8. Abide by the laws, objectives, regulations and resolutions of the Shareholders' Meeting.
9. Evaluate performance of the Company' President and decide on yearly remuneration of the subsidiaries' Managing Director.

Under their power, the Board of Directors may assign one or several member(s) of the Board or other person(s) to perform task(s) on its behalf.

The Board of Directors shall appoint a member of the Board to perform a function of President who shall have authorities as it is deemed appropriated.

The Board of Directors shall be at least five and a half of its total members shall be resident in the Kingdom of Thailand. Furthermore, at least three-fourth shall be Thai nationality.

The Board of Directors shall be selected by statutory Shareholder meeting in accordance with the rules and procedures for members and directors nomination. See page 60.

Below is a list of five Independent Directors, in other words, one-third of the Board of Directors, which comprised of 3 female Independent Directors and 2 male Independent Directors.

- | | |
|--------------------|---------------|
| 1. Mrs. Achara | Chandrachai |
| 2. Mr. Chivin | Chaipanich |
| 3. Miss Pakinee | Prertitumrong |
| 4. Mrs. Busarakham | Nilavajara |
| 5. Mr. Yanyong | Tangchitkul |

CRITERIA FOR INDEPENDENT DIRECTORS SELECTION

Independent Directors are selected on the basis of competency, experience and knowledge of business operations relating to those of the subsidiaries. They shall be non executive directors of the Company, with vision, have time to perform duties and be fully qualified in conformity with the rules and official regulations. They are invited by the Nomination Committee to be Independent Directors whom the Company considers to be capable and helpful to manage the Company and the corporate business as well.

BOARD OF DIRECTORS' MEETING

Generally, the Company arranges a meeting to be convened at least once a month. They meet to consider the proposals made by executives, to make decisions on issues for further action as it is deemed appropriated and also to follow up performance, aiming at verifying if the business runs as planned or their objectives are attained. In some cases, corrections might be considered and carried out the solutions, personnel may be assigned for further follow-up. In 2014, thirteen meetings were held and attended by all Directors with the exception of those who were on duty abroad or absent by force majeure. Since the Company has had a lot of overseas investments and some members of the Board had to take care of and follow up operation of business invested by the Company, they could not be present at the monthly meetings of the year 2014. However, those who have worked for associated companies in Shanghai, Hong Kong or USA, attended the meetings via VDO conferences on the same day. In addition, the Secretary submitted regularly the minutes to all of members, no matter what they were present or absent, to keep them informed and to ask for their suggestions (if any).

Record of 2014 Meeting Attendances of Director

	Name		No. of Meeting Attendances
1.	Miss Sriwarin	Jirapakkana	13/13
2.	Mr. Chutindhon	Darakananda	10/13 (including 4 times via VDO Conferences)
3.	Mrs. Achara	Chandrachai	13/13
4.	Mr. Chivin	Chaipanich	13/13
5.	Miss Pakinee	Prertitumrong	12/13
6.	Mr. Yanyong	Tangchitkul	13/13
7.	Mrs. Busarakham	Nilavajara	12/13
8.	Miss Dalad	Sapthavichaikul	13/13
9.	Mrs. Chantornree	Darakananda	13/13
10.	Mr. Vichai	Chaitaneeyachat	11/13
11.	Mr. Thitivat	Suebsaeng	13/13
12.	Mrs. Pinijporn	Darakananda Kasemsap	11/13 (including 2 times via VDO Conferences)
13.	Mr. Bovornrat	Darakananda	11/13 (including 10 times via VDO Conferences)
14.	Mr. Vacharaphong	Darakananda	13/13
15.	Mr. Nanthiya	Darakananda	7/13

The Company's Secretary is Mrs. Chadaporn Jiemsakulthip.

The Company's Board of Directors' Meeting No. 12/2013 had a resolution to appoint Mrs. Chadaporn Jiemsakulthip, a full-time employee of the Company, to be a Company's Secretary since 1 January 2014.

Duties and responsibility of Company Secretary

The Company's secretary must perform duties with a sense of responsibility, attentively, honestly as well as loyally, in compliance with the Section 89/15, 89/16, 89/17 and 89/23 of the Securities and Exchange Act (Volume No. 4) B.E. 2551. Besides, she has to comply with the rules of law, the objectives and regulations of the Company, the Board of Directors' resolutions, including the Shareholders' resolutions.

The Board members and the Company's secretary' qualifications, educational background and experience are shown from page 10-17, as well as their previous training concerning responsibilities and skills for directors on page 18 and their Executives information on page 19

2. AUDIT COMMITTEE

The Audit Committee comprises of three members who have all necessary qualifications in accordance with the rules set forth by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). At the meeting held on 19 December 2013, the Board of Directors passed a resolution to appoint the Audit Committee to hold office for the term of three years. In this regard, all members of the Audit Committee are independent directors.

List of the Audit Committee is as follow;

	Name		Position
1.	Mrs. Achara	Chandrachai	Chairman of the Audit Committee
2.	Mr. Chivin	Chaipanich	Audit Director
3.	Miss Pakinee	Prertitumrong	Audit Director

The Audit Director who has knowledgeable about finance and experienced in auditing company financial statements was Mrs. Achara Chandrachai, Emeritus Professor from Faculty of Commerce and Accountancy, Chulalongkorn University.

Charter of the Audit Committee shall have duties and responsibilities as follows;

1. Review internal control process so that it should be efficient and suitable to the Company.
2. Approve selection, review and nomination of external auditor.
3. Have oversight of the Company compliance with the regulation of the government agencies concerned and the relevant laws thus avoiding conflicts of interest.
4. Write a Committee's report, signed by the Chairman and disclosed in the Company's annual report to whom it may concerned.
5. Get management team to correct the mistakes if found and verify the correction.

6. Monitor and evaluate the operations which the Audit Committee deems as critical.
7. Evaluate the compliance with the Charter of the Audit Committee.
8. Perform other tasks as assigned by the Board of Directors.

In 2014, five meetings were organized and attended by Mrs. Achara Chandrachai, Mr. Chivin Chaipanich and Miss Pakinee Prerttiumrong. Moreover, the Audit Committee was organized a meeting with the Risk Management Committee and another meeting with the Auditor for independently discussion regarding the Auditor's observations and opinions, by without the Company's management.

3. THE NOMINATION AND REMUNERATION COMMITTEE

The Company has appointed qualified and experienced board members as below;

	Name		Position
1.	Mr. Yanyong	Tangchitkul	Chairman of the Nomination and Remuneration Committee
2.	Miss Pakinee	Prerttiumrong	Nomination and Remuneration Director
3.	Mr. Chutindhon	Darakananda	Nomination and Remuneration Director

The Nomination and Remuneration Committee shall have duties and responsibilities as follows;

1. Establish procedures and selection method for director nomination.
2. Select the persons whose qualifications are in compliance with the government agencies to be nominated as new directors.
3. Consider procedures of remuneration for directors
4. Determine the amount of remuneration for the board members by submitting proposals to the Board of Directors;

In 2014, two meetings were organized and attended by all three Directors of the Nomination and Remuneration Committee. The Chairman of the Nomination and Remuneration Committee was not Chairman of the Company's Board of Directors

4. THE RISK MANAGEMENT COMMITTEE

List of the Risk Management Committee is as follows;

	Name		Position
1.	Miss Dalad	Sapthavichaikul	Chairman of the Risk Management Committee
2.	Mr. Thitivat	Suebsaeng	Director
3.	Mr. Vacharaphong	Darakananda	Director
4.	Mrs. Srinual	Sombatpraiwan	Director and Secretary

The Risk Management Committee shall have authorities and responsibilities: establish policies and monitor the Company's risk management, conduct reviews of risks and improve risk categories, assess potential risks and their impacts, and also take measures to manage risks and see the outcome. In addition, the Committee may designate a Specific Risk Management Sub-committee to be charged with management as it deems appropriate.

In 2014, two meetings were organized to perform as the scope of duties, the Company's objectives and policy and one meeting were held with the Audit Committee.

EXECUTIVES

As of 31 December 2014, the Company's Executives were as follows:

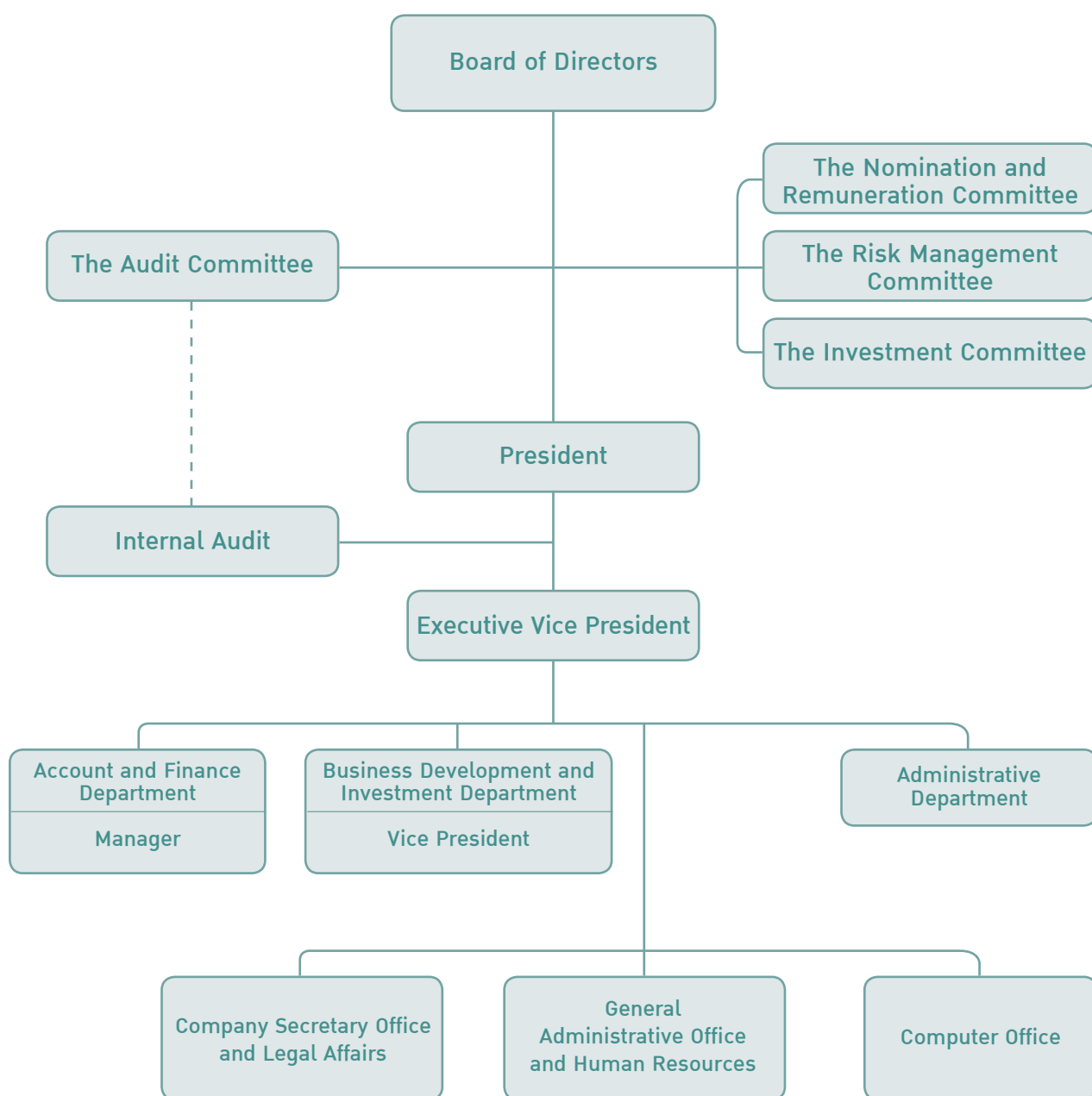
	Name		Position
1.	Miss Dalad	Sapthavichaikul	President
2.	Mrs. Chantorntree	Darakananda	Executive Vice President
3.	Mr. Preecha	Shunhavanich	Vice President
4.	Mrs. Srinual	Sombatpraiwan	Account and Finance Department Manager

Remark: : Mrs. Chantorntree Darakananda was appointed to be the Executive Vice President since 18 September 2014.

The Company's organization chart was as follows:

Saha-Union Public Company Limited's Organization Chart

As of 31 December 2014



NOMINATION OF DIRECTORS AND EXECUTIVES

Regarding the election of the Company's directors, the Nomination Committee shall recruit persons who are highly qualified or competent and experienced in business administration. In addition, they shall be ready to perform their duties for the Company. Such qualifications shall not be contrary to the regulations of government agencies concerned. Having assessed suitability of interested persons, the Committee suggests them to the Board of Directors who presents to the Shareholders' Annual General Meeting, in accordance with the Company's regulations stipulated below;

1. A Shareholder shall have one vote per one share.
2. Candidates may be elected, at one time, individually or in group, according to the required number of directors at the moment as it is deemed appropriated by the Shareholders' Meeting. The election procedures shall be in line with the public law.
3. Directors shall be elected by majority votes. In case of equal votes, the chairman of meeting shall have a casting vote. Concerning the minor Shareholders, they shall comply with the Company's regulations as mentioned above as their voting rights are not stipulated as a special case. It means that they have equal voting rights.

At the Annual General Meeting, one-third of the directors shall vacate office. In case that the number of directors could not be divided into three parts, the most approximate number to one-third of the directors shall vacate office.

After the Company's registration, directors vacating office in the first year and the second year shall be selected by drawing lots while, in the following years, directors who have held office for the longest time shall vacate office

Directors vacating office may be re-elected.

In addition to vacating office on the exemption of term, directors vacate office upon:

1. Death
2. Resignation
3. Disqualification
4. Being removed by a resolution of at least three-fourth of the Shareholders attending the meeting and having the voting rights, whose shares, when calculated, are not less than a half of shares held by Shareholders attending the meeting and having the voting rights.
5. The court judgment

All of the Directors were nominated by the Nomination and Remuneration Committee and a resolution on its nomination was adopted by the 2014 Annual General Meeting of Shareholders in the electing directors' agenda.

CORPORATE GOVERNANCE

The Company operated or proceeded by the corporate governance as follows:

1. CORPORATE GOVERNANCE POLICY

Through the years, the Company's Board of Directors has emphasized corporate governance based on both morality and good ethics in all departments for accuracy, transparency and fairness to every Stakeholder. The Board of Directors takes responsibility in disclosing sufficient information and acknowledging the rights of Shareholders. Thus, the Company follows the rules set forth and endorsed by the National Corporate Governance Committee as follows:

1.1 RIGHTS OF SHAREHOLDERS

- (1) Besides voting rights, the Shareholders' return on investments is getting by equal dividend payments. The minor Shareholders are given the right to receive the dividend at the same rate as those of major Shareholders including all related businesses (if any).

- The Company shall allow Shareholders to propose a meeting agenda or present any questions related to the Company since 1 October — 31 December of every year or 5 months prior to the Shareholders' Meeting. The Company gives a chance to the Shareholders to propose the consideration matter' agenda by inform the criteria of this procedure in advance. The criteria is comprise of qualification of the person who propose the agenda, procedure to propose the agenda, details of the information and including criteria and process to consider the proposal by using the Company's website: www.sahaunion.co.th or regular postal service.

- (2) Shareholders' Meeting Invitation

The Company will send out meeting invitations, which clearly specify each agenda including related documents to the Shareholders at least 14 days prior to the meeting date for review. Also included in the documents are:

- The previous minutes of the Shareholders' Meeting as supporting documents for endorsing the minutes' agenda.
- Financial statements information, operational performance and the most recent annual report for review to acknowledge the performance report and to present questions or doubts, if any.
- The objective, reasons and Board of Directors' opinions from other agendas.
- The agenda of the Director, the election and fixing their remuneration was separated.
- Information of the nominees for the next Board of Directors including their educational backgrounds, working experiences and director categories, all of which have been selected by the Nomination Committee based on the standard criteria and methods. In case, any returning Director is nominated, the information of his past year's meeting attendance and the number of years the person has been serving in the Board of Directors will be provided.
- The information of the auditors including name, last name, their auditing office, work experience and the service fee including verification of the auditor's independence, number of years for being auditor to support the Audit Committee's consideration for appointing the auditors and fixing their remuneration agenda.
- The dividend payment policy, its rate and the reason for the request of dividend distribution in its agenda.



- The invitation was published in Thai and English version separately for sending to foreign Shareholder, which announced at the same time with Thai version. The invitation was also publicize via the Company's website

(3) Shareholders Meeting

- The Company shall encourage Shareholders to exercise their rights by attending the meetings and voting. Any Shareholder who cannot attend the meeting may present Proxy Letter to assign his/her representative. Therefore, the company must send out the Proxy Letter along with the meeting invitation in advance.
- The Company shall never limit or violate the right of Shareholders in any cases.
- The Company shall provide any necessary services for Shareholders' conveniences on the meeting day. Staff will be available to help with the registration procedure and preparation of any documents requested least 1 hour prior to the scheduled meeting.
- The meeting shall be located at the most convenient location, close to a main street or sky train station. Snacks and beverages shall be served and the Shareholders shall be greeted with souvenirs.
- Before the meeting starts, the Chairman shall introduce the Board of Directors and Executives individually to Shareholders. There should be present the Chairman of the Board, Directors, Executives, the Chairman of the Audit Committee, the Chairman of Nomination and Remuneration Committee, the Chairman of Risk Management Committee, Independent Directors, Directors, the Company Secretary, Finance and Accounting Manager and Auditors.
- Chairman of the meeting shall explain voting procedures, the use of voting card and how to count the votes to the Shareholders prior to the start of the meeting.
- The Shareholders have the right to consider the Board of Directors' remuneration as its agenda will be held annually.
- As for the Board of Directors' remuneration agenda, the Company shall explain the policy and principles used in proposing the payment. The approved detail of each Director's remuneration in the past year shall be presented to the committee as well.
- As for Director appointment, the Company shall allow Shareholders to vote either for individual or a group based on the meeting's resolution. The vote can be done by either nominating the new member into the committee or the current one to continue the next term. All candidates must be approved by the Nomination Committee. Each candidate has to provide personal history and experience.
- Dividend Payment Agenda. The Chairman shall explain the Company's policy of dividend payment and its offering rate. Also, the current year's dividend payment shall be submitted to Shareholders for approval along with its rate and calculation. Therefore, the Shareholders can consider and vote accordingly.
- Appointment of the auditors' agenda. The Chairman shall nominate more than one person from the same auditing office. The auditors' history of auditing and the number of years working as the Company's auditors including qualifications in compliance with those of the Securities and Exchange Commission Acts will be included. The auditors shall work independently without any personal binding with the company, the Board of Directors or the executives. Also, the auditing fee shall be submitted to the Shareholders for consideration.

- The Chairman of the meeting shall allow any questions from the Shareholders including suggestions regarding any agendas. The Board of Directors or related Directors shall answer every question from Shareholders until satisfied. All other opinions or suggestions shall be taken into further consideration. All shall be recorded in the minutes of the meeting.
 - Every agenda resolution shall be recorded clearly showing number of votes on each agenda. In each agenda, the minutes has to show the number of Shareholders that vote for, against and abstention. The computer processing system shall be used for vote counting in each agenda and will be announced by the Chairman. Furthermore, the full report which contains the matters in each agenda shall be sent to the SEC within 14 days after the meeting. The minutes of the meeting shall be carefully filed and available for reference by the Shareholders at all time by going to the Company's website; www.sahaunion.co.th.
- (4) The Company shall not add any more to the agenda that is not previously stated in the Shareholders' meeting invitation letter.
- (5) The Company's shareholding structure had been carrying on approximately for the past 30 years which has not objective to set up the prevention of business takeovers but on cross shareholding. The structure is to give Shareholders the most benefit of managing, manufacturing and selling without any conflicts of interest.
- The Company's structure is not a pyramid scheme. Periodically in the past, there were a number of corrections on cross shareholding structure to avoid the related matters.
 - The Company's Board of Directors shall not be allowed to hold the Company's shares more than 25% of the in total shares.
 - The Company holds free float shares more than 40% of issued stocks. This will give Shareholders convenient trading in both secondary market and the Stock Exchange of Thailand.

1.2 EQUAL TREATMENT TO SHAREHOLDERS

- (1) The company has a policy to treat all Shareholders equally with no violation to minor Shareholders or foreign Shareholders.
- According to the Company's voting rules, one share equals one vote regardless of being major or minor Shareholders or foreign Shareholders.
 - The committee shall answer every question proposed by minor Shareholders and foreign Shareholders in the meeting.
 - Prior to the meeting date, the Company shall disclose the opportunity of giving Shareholders to submit any agenda or information to the Shareholders Meeting by using the company's web site in the period of 1 month before the end of the Company's fiscal year or 5 months before the scheduled Shareholders Meeting date.
 - The Company shall provide any conveniences to the Shareholders who cannot attend the meeting in person by attaching the Proxy Letter form that contains the information as appeared on Form Khor (ข.) to the invitation letter of the Shareholders Meeting.
 - The invitation letter of Shareholders Meeting shall indicate the type of documents and proof needed to attach the Proxy Letter including to provide step-by-step instructions to issue Proxy Letter to the Shareholders in advance without any further regulations or conditions that will complicate the procedure.

- The Company shall send out an invitation letter to the Shareholders Meeting and all related documents such as Proxy Letter, minutes of the meeting, annual report, and financial statements report to the Shareholders at least 14 days before the scheduled meeting date. Therefore, all Shareholders will have sufficient time to study the information and agendas in order to make decisions at the meeting.
- The Company shall use its website to make announcements on the meeting plans and its agendas to all Shareholders before sending out the official invitation letter. All details regarding the meeting shall be included and should be posted for viewing at least 30 days prior to the scheduled meeting date.

(2) The Policy of Insider Trading Prevention.

The Company has a policy of insider trading prevention according to its rules and regulations. Disciplinary violation will call upon different measures of punishments stated in the Company's internal rules where the employees, executives, and Directors will acknowledge and proceed accordingly.

- The Company has a policy of insider trading prevention by announcing an annual Silent Period for Directors and the executives to avoid trading company's stocks. It will be 14 days before and 24 hours after the Company's fiscal or quarterly report disclosure date. All Board of Directors and executives must acknowledge and comply with this policy.

(3) In the past year, the Company did not have any cases of insider trading among the Board of Directors and executives.

(4) The Relating Transactions required to be disclosed or to be authorized by the Company's Shareholders shall be executed thoroughly in compliance with the Act regulated by the Stock Exchange of Thailand and SEC before they are presented to the Audit Committee for review and then, brought to the Company's Board of Directors meeting. Thereafter, the complete information shall be disclosed via the Stock Exchange of Thailand's ELCID. For example, the transaction will provide its category, the relating individuals' names and relationship / characteristic of relations, the value of the transaction, the criteria or policy of setting the price, the reasons that necessitate the making of the transaction and the Audit Committee and Board of Directors' opinions over the transaction. In case Shareholder agendas are included in the meeting, the company shall fully comply with relating regulations to execute the matter.

(5) The structure of company's business group's shareholding

Due to the status of being a headquarters company, investing in different kinds of businesses and producing different kinds of merchandise, all are legally independent from each other for smooth operation. But for the business profit and the power of negotiation, the Company sometimes needs to have "Related Transactions". Therefore the list of related transactions of the year 2014 was regular commercial listings with general commercial conditions:

- The Related Transactions value of the year 2014 had a total gross amount of Baht 816.42 million, which is 4.00% of assets and 8.21% of total revenues.
- The Company did not have any transaction of financial aid fund for non-subsidiary company.
- In the past year, the Company did not violate or fail to follow to the policy of Related Transactions according to provisions issued by the Stock Exchange of Thailand and SEC.
- In the past year, the Company did not violate or fail to abide by the rules of stock trading according to provisions issued by the Stock Exchange of Thailand and SEC.

1.3 CONSIDERATION OF STAKEHOLDERS' ROLES

The Company emphasizes the rights of company Stakeholders based on either basic legal rights or the mutual agreement contract. The Company treats all Stakeholders based on integrity, quality and service. These are the most important factors to build a good relationship and cooperation between the Company and all Stakeholders in order to accomplish the goal and sustainability growing. The role between the Company and the Stakeholders are the followings:

- (1) The Company shall conduct the business with the sense of responsibility towards society. It is the obligation the Company has vowed to do so.
- (2) On the account of employees, the Company holds a transparent and practical policy of taking care of employees' welfare and compensation appropriately. The employee handbook is available in the Human Resources Department and is acknowledged by the Company's employees.
 - (2.1) The Company's policies are outlined in the Company handbook for the employees' safety and welfare.
 - (2.2) The Company and its subsidiaries set up a provident fund for Saha-Union Group's employees by appointing a committee to oversee, administer and collaborate with the provident fund manager. This policy will assist to create employee's long term savings. Hence, the company will contribute up to 3% of the employee's salary to this fund.
 - (2.3) The Company and its subsidiaries have established Employee's Savings and Credit Cooperatives of Saha-Union Group in order to collect the employees' deposits which are deducted from their salary monthly. The employee shall be eligible to withdraw the whole balance upon resignation. However, while working, each year the employee shall receive their dividend and is eligible to apply for a loan in compliance with the rules issued by the Cooperatives Promotion Department.
 - (2.4) The Company sets a clear policy of improving employee's knowledge and skill by using a Competency System to promote the potential employee who is capable of taking responsibility in a higher level task. Moreover, the Company has set up a subsidiary company to organize seminars and training programs to educate the employees regularly.
- (3) The Company has no policy that will violate the human rights.
- (4) On the account of customers, the Company set the policy to be practical and transparent in treating customer fairly. The Company will maintain good customer relationship and take responsibility as vowed to the customers.
- (5) On the account of the business rival, the Company shall maintain its business conduct professionally.
- (6) The Company will treat its business partners fairly and responsibly as stated in the contract agreement even if the unforeseen situations may result in loss.
- (7) On the account of creditors, the Company sets a policy of fairly treatment and responsibility by making on time loan repayments or purchases based on mutual contract.
- (8) The Company sets a clear policy against copyright violation and the Company's penalty measures are strongly reinforced.
- (9) The Company has clearly set a policy against corruption and bribery which has been practiced for over 30 years.

- (10) The Company and its subsidiaries set a policy to take part in the community's responsibility and social welfare. The Company carefully avoids any wrongdoings that will create the community disturbances. On the contrary, the Company shall contribute any beneficial to its community and society in order to being employment and getting welfare. Moreover, the Company shall follow the regulations of noise and pollution standard control, including setting a standard for waste water treatment. The Company also supports community outreach activities including donating necessity materials to schools.
- (11) The Company has a strict policy of environmental control by installing septic tanks for waste water treatment and controlling toxic emissions in order to reduce pollution. Other manufacturing subsidiaries have also followed these standard environmental control guidelines and have been certified by regulating organizations.
- (12) The Company's subsidiaries support, educate and train their employees to understand the importance of environmental protection and set the policy to do so as continuing practice to improve quality or work.
- (13) The Company and its subsidiaries support the use of resources efficiently by setting a policy to improve work systems including replacing equipment to be more energy saving.
- (14) The Company shall be available for any Stakeholders to contact or report any concerns that may cause damages to the company by contacting the company's secretary. All matters shall be taken into consideration and under investigation procedure and the conclusion shall be made to present to the Company's Board of Directors.

The investors and the Shareholders can contact the Investor Relations by contacting Mrs. Chanida Devahastin Na Ayudhaya, Tel. No. 02-3115111 ext. 7674 or Fax. 02-7414823 for any further procedure in relating issues.

1.4 DISCLOSURE OF DATA AND TRANSPARENCY

The Company shall disclose any important information accurately and completely within the timeframe. For example, through the year, there will be a disclosure of financial statements report, quarterly report, report of any events occurred during that time including any changes (if any) of shareholding structure and annual disclosure report which consists of the Company's financial statements, annual performance report, annual information listing and annual report. To conclude, the list is as follows:

- (1) The company shall disclose its transparent shareholding structures of both the Company's and those of its subsidiaries.
 - On the account of Shareholding' structure, the list shall reveal the individual names under the same shareholding group including the number of shares in percentage proportion within their group, 9 other Shareholders and other minor Shareholders with smaller percentages in holdings which is more than 40% in total.
 - The individuals who own the shares under the same group, Beneficial Owners' names shall be clearly listed.
 - The number of shares held by the Board of Directors and executives shall be disclosed.
- (2) A list of the Board of Directors shall be accompanied by each individual name and last name, education background, the responsibility and skills of being the director trainings, work experiences and the companies that person being the director.

- List the name of Independent Director of which 1/3 of the group.
 - List 3 names of the Audit Committee who possess the knowledge and are capable of scrutinizing the Company's financial statements information.
 - Disclose the distributing rules of the Board of Directors' remuneration and identify the type of payment for each Director based on position such as the meeting allowance and the amount of each individual received.
 - Disclose the total amount of remunerations made to higher rank executives including its policy, type of payment and to which category it is made to.
 - Disclose the meeting attendance record for each director and other subcommittee groups in the past year under the title of the committee meeting title.
- (3) The Company sets a policy inquiring each director to report their holding shares of the Company to the Chairman of the Board of Directors including a copy sent to the Company's Secretary.
 - (4) The Company shall disclose a complete "Related Transactions" report by showing the individual names under the Related Transactions' listing, their relationships, descriptions of each item, conditions or pricing policy, value of the transaction and the necessity. In the past year, all transactions are under the course of business.
 - (5) The Company shall appoint the auditors approved by the Annual General Meeting of the Shareholder's resolution. The appointed auditor shall work independently, with no relationship to any Shareholders, Board of Directors or executives including endorsed by the Securities and Exchange Commission.
 - (6) The Company's financial statements is audited and approved by a reliable auditor without any conditions.
 - (7) In the past year, the Company had no record of delaying annually or quarterly of financial reports' delivery. The Company had been prompt in disclosing and delivering the reports.
In addition, in the past year, the Company did not receive any requests from the office of Securities and Exchange Commission for corrections.
 - (8) The Company will disclose its financial status, operational performance, cash flow statements and other financial statements, including notes to consolidated financial statements, all of which can be found at the last part of the annual report. In addition, the management's discussion and analysis, operational performance, important changes and the factors of cause and effect of the previously mentioned shall be found under separate title.
 - (9) The Company shall provide details of business operational characteristic and competition including all other information of major business of group companies.
 - (10) The Company shall disclose the operational risk by indicating type of risk, cause and effect, its likelihood and countermeasures for each type of risk under the title of Risk Factor.
 - (11) There are quite a few different communications methods between the company and the Shareholders / the investors, for example through the annual report, annual information, financial statements report, news via electronic communications of SET and company's website including arranging meetings with the analysts who interested in Company's information.
 - (12) The Company has its own website offering information both Thai and English language regarding to the annual report, financial statements, meeting invitations and other related information, all of which are periodically updated.

- (13) The Company has set up a department of Investor Relation where Shareholders, investors and analysts can contact at their most convenience to Mrs. Chanida Devahastin Na Ayudhaya Tel. 02-3115111 ext. 7674 Fax. 02-3116867. In the past, the Company has been in contact with Shareholders, meeting with the analysts and from representatives of investment institutions.

All the above mentioned information can be looked up by referring to the title page number on the table of contents.

1.5 RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors' responsibility to the Company, Shareholders and Stakeholders under the guidance of Corporate Governance as following:

- (1) The Company sets a policy and provides a Corporate Governance Handbook which is approved and signed by the Board of Directors. Thereafter, the Company shall communicate with the relating organizations to acknowledge, sign and proceed to follow its guidelines.
- (2) The Code of Conduct Manual of the Group Company conforms to the same business ethics under the same directions. All Stakeholders are treated based on business ethics which are integrity, quality and service. All relating parties have well acknowledged and followed its work guidelines consistently. This ethics policy is clearly posted in public and has been translated into practice by all levels of the Company's employees. Moreover, the Company has diligently and consistently overseen the aforementioned policy.
- (3) The leadership and the Board of Directors' vision
The Company's Board of Directors will determine the Company and its subsidiaries' objectives, vision, obligation, strategic goal and business management policy to all departments including Directors and employees to acknowledge and follow in the same direction.
- (4) In the past, the Board of Directors and the Audit Committee had overseen the Company's rules and regulations without any legal violations. The Board of Directors has conscientiously and skillfully performed their duties as any wise decent human would do. Every Director in the Board has passed the training program of the Board of Directors about the responsibility and skills of being the director by Thailand Institute of Directors (IOD).
- (5) The Company also forms an "Internal Audit" department working in accordance with the audit plan and to be in charge of inspecting job as needed.
- (6) The report done by Internal Audit will be submitted to the Audit Committee.
- (7) The Audit Committee shall present a working report in conclusion and review the Internal Control System with remarks and then report to the Board of Directors meeting by quarterly period.
- (8) On the account of Related Transactions, the Audit Committee will consider its suitability and feasibility of its price value and submit the case to the Board of Directors before the transaction occurred.
- (9) The 2014 Audit Committee Report appeared on page 100.
- (10) Every member in the Board of Directors has passed the training program of the Board of Directors about the responsibility and skills of being the director organized by Thailand Institute of Directors (IOD).
- (11) In the past year, there were 13 Board of Directors meetings in all. According to the information from the Structure of Management in the Board of Directors' Meetings, all members had attended the meeting regularly except those who were abroad during the meeting time. However, some members did have access to a Video Conference System and were able to join the meetings from abroad.

Normally, the Non-Executive Director (NED) such as the Audit Directors who are also Independent Directors (ID) shall also organize meetings among themselves or sometimes with the auditors, but without any management team involved, to evaluate the different matters that draw attention and sometimes the meetings will include the auditor as well.

- (12) The Company has clearly divided the roles, duties and responsibilities between the Board of Directors and the Management Team. Any cases that required specific authorization, the Management Team shall relay to the Board of Directors for consideration regularly.
- (13) Once a year, the Board of Directors shall have a self-evaluation report. The Company's secretary shall also collect all other evaluations and report to the Board of Directors to be acknowledged and for further improvements.

The President's performance evaluation shall be considered for the purpose of remuneration by the Remuneration Committee.

- (14) According to the Company's policy, visions and obligations regarding its employees and executives, the Company shall plan the successors and prepare suitable personnel to take over the top executives and other high level executives at least 1-2 years in advance by providing training and placing the suitable personnel on the right position in order to warrant uninterrupted work and to accomplish the Company's goals.
- (15) The Company's Risk Management Committee shall hold meetings, make plans and lay down operational procedures for all related tasks including scheduling the Risk Management training to all company's subsidiaries' executives and employees in order to reach the whole organization's objectives under the same direction. Also, a Follow-up System shall be carried out to keep its practice corresponding with any changing circumstances.
- (16) The Company sets a clear policy of Conflict of Interest as part of company's rules and regulations and reified into practice.
- (17) The Company shall appoint the Company's Secretary whose duty is to give legal advice and notify any rules to the Board of Directors, to oversee the Board of Directors' meeting activities, arrange minutes of the meetings including related documents. Also the Secretary shall collaborate with all related parties to conform to the Board of Director's resolutions. The Secretary is responsible to oversee the rules issued under the Securities and Exchange Act. Volume No. 4 (B.E. 2551) Section 89/15, Section 89/16, Section 89/17 and Section 89/23 are followed accordingly.
- (18) The Chairman of the Board of Directors is not the Company's full time executive.
- (19) The Chairman of the Board of Directors is neither the same person as the President nor has mutual relationship. Therefore, their duties are clearly separated based on the scope of each individual's authority and position. Details can be found in the Managing Policy Manuals.
- (20) The Appointment of the Audit Committee and their relating duty.

The Company's Board of Directors has appointed the Audit Committee that are fully qualified according to the Stock Exchange of Thailand's requirements issued since 19 December 2013 and complied with the Securities and Exchange Commission (SEC) as well. Each member shall hold the position for a 3-year-term and shall be an Independent Director (ID) as well as a Non-Executive Director (NED). In the year 2014 the Audit Committee is consisted of:

Name	Position	Number of Attendances:
1. Mrs. Achara Chandrachai	Chairman of the Audit Committee / Independent Director	5/5
2. Mr. Chivin Chaipanich	Audit Director / Independent Director	5/5
3. Miss Pakinee Prertitumrong	Audit Director / Independent Director	5/5

All 3 Audit Directors have continually been working independently. In 2014, there were 5 Audit Committee Meetings and the performance reports were made to the Board of Directors by quarterly period. The committee has performed their work in full compliance with every charter as following:

The Audit Committee has formed a charter in writing with the approval from the Company's Board of Directors by declaring the scope of authority, role of duty and responsibility clearly as following:

1. Review the Company's Internal Control Process for its suitability and efficiency.
2. Be part of the selecting procedure, reviewing and nominating the external auditor by collaborating with the coordinating Director and external auditor in relation to the company's financial report and review for accuracy and reliability.
3. Oversee the company's business practice to be in compliance with laws and legal regulations and no conflicts of interest.
4. Provide the conclusion of the Audit Committee's performance report which is verified by the chairman of the Audit Committee and later to be disclosed to related parties on the Company's annual report.
5. Assign the management to correct any errors found promptly.
6. Follow up and evaluate any important tasks.
7. Oversee other miscellaneous tasks assigned by the Company's Board of Directors within its authority. The Audit Committee's qualifications, educational background and experiences are shown from page 11-12.

Therefore, upon the operation of the Audit Committee of the year 2014, the Company has enclosed "the report of Corporate Governance of the Audit Committee" as part of the Audit Committee's Report as shown on page 100.

(21) The Internal Control System and the Internal Audit

The Company emphasizes on the importance of Internal Control System's efficiency on both executive and employee levels. Therefore, the Company set the rules and proper procedure with clarity but without repetition by dividing the duties between the task performers and the quality controllers completely from each other. This is to create checks and balances ensuring work performance. Moreover, a Financial Report System is presented to the executives showing the record of work efficiency. There is also a property control system to oversee the Company's benefits. The detail of the Board of Directors' opinion over the internal control system was disclosed and can be found on page 101.

The Company's Internal Control Process oversees the Company's work system, major task operation and financial activities to be in compliance with the rules and also be efficient. The Internal Control Process will work directly with the Audit Committee according to an annual audit plan and to be in charge of inspecting job as needed. The Internal Control Process team shall report directly to the Audit Committee. Upon any urgent matter, the Internal Control Process team can make a direct report to the executive to address any corrections or improvements immediately. In such case, the Company's Internal Control Process will work fully independently from the Audit Committee.

(22) Nomination and Remuneration Committee

The Company forms the Nomination Committee and the Remuneration Committee as one committee. Most members, which are 66% of the committee, including the Chairman are independent director. The Committee has highly experienced and well qualified directors. They are

Name	Position
1. Mr. Yanyong Tangchitkul	Chairman of Nomination and Remuneration Committee / Independent Director
2. Miss Pakinee Prertitumrong	Nomination and Remuneration Director / Independent Director
3. Mr. Chutindhon Darakananda	Nomination and Remuneration Director

The scope of duty and responsibility of the Nomination and Remuneration Committee are as followed:

1. Set up guidelines for nominating the Company's director.
2. Select the qualified persons suitable to be nominated for new directors, according to the SEC's requirements.
3. Review the guidelines of the director's remuneration.
4. Set the value of remuneration for the director before proposing to the company's Board of Directors meeting's consideration.

In 2014, the committee held two meeting for considering the related matters with members' full attendance

(23) Independent Director (ID)

The Company had a total of 5 independent Directors out of 15 as of the end of 2014, which is 1:3 ratio. All independent Directors possess the qualifications according to SEC — Securities and Exchange Commission's rules, in addition to their knowledge of company's business.

(24) The Company had 7 Non-Executive Directors out of 15 or 46.67% of the Board of Directors.

(25) The Board of Directors' Responsibility for the financial report as shown on page 101.

(26) The Company has no plan to entitle any executives to buy Company's securities.

(27) In the past year, the Company's Board of Directors assured that all the work and activities were in compliance with the Company's objectives and policies which emphasized on accuracy and transparency. Thus, there were no actions or offences against the related rules and regulations.

(28) According to the Company's Corporate Governance, the Company is against any kinds of corruption and illegal practices. Therefore, the Company shall neither cooperation nor involvement with any corrupted matters.



2. SUBCOMMITTEE

2.1 Composition of the Board of Directors consists of the Board and all 4 subcommittees, the details are in the section: management structure which included the subcommittee members' names and the scope of authority of each committee.

2.2 The Audit Committee. According to the details of subcommittee listed above as No. 1.5 (20), this included the directors with knowledge and experience in auditing the financial statements of the Company was Emeritus Professor Achara Chandrachai. The detail of the duties is specified in item 1. (1.5) The Responsibility of the Board of Directors.

3. NOMINATION AND APPOINTMENT OF DIRECTORS AND TOP EXECUTIVES

(1) Independent Director

The Company's Nomination and Remuneration Committee had specified the year 2014 hiring process, scope, responsibilities and operation in item 3: management structure.

In 2014, the Independent Director didn't have the business relation and any professional services.

(2) Nomination of Directors and Top Executives

Through the Nomination and Remuneration Committee, the Company's had guidelines for persons to be appointed as director as detailed above. The resolution had been passed for the agenda appointment of directors in the Annual General Meeting of Shareholders under the criteria for the General Meeting of Shareholders item 1.1 The Right's of Shareholder and item 1.2 Equality Among Shareholders.

4. SUPERVISION OF SUBSIDIARIES AND ASSOCIATED COMPANIES.

The Company's subsidiaries and associated companies engage in many fields of businesses. The Company supervises the subsidiaries and follow the associates companies through the following methods:

- (1) Company's Board of Directors supervises the management and operation of subsidiaries in accordance with its objective. Sending representatives to the subsidiaries, the Company had sent directors or executives to control management and be responsible for the subsidiaries' operation. Representatives were sent to the associates to perform their duties as directors of the Company, provide helpful comments, recognized business trends and operation results of associates which are in proportion to its shareholding. There will be regular Board of Directors meeting for subsidiaries and associates.

The proportion of the Directors in subsidiaries and associates is at least in proportion with the Company's investment.

The Company's representative who performed their duties as the directors or executives of the subsidiaries have duties and responsibilities as assigned by the management guide.

For the supervision of subsidiaries, Board meeting was convened regularly almost every month. Report on financial position and operating results were made, or approval of significant transactions which is in accordance with the relevant rules.

The Company determined that its subsidiaries have appropriate internal audit. The Company incorporated internal control into 2 steps. Firstly, the subsidiaries will assess the adequacy of the internal audit by itself, and secondly the Company's internal audit made random inspection on the subsidiaries' internal audit.

- (2) The Company and shareholders of the subsidiaries and associates made no agreement which is significant to the operation or the Group of Companies management other than the usual business practice.

5. INTERNAL DATA USAGE CONTROL

From the beginning, the Company set moral measures for the executives and employees to follow. The Company's core value is emphasizing Integrity, Quality and Service. Also there are other related company rules as follows:

- Prohibit the use of either self-authority or other's authority for personal benefit or assisting others in an illegal manner.
- Dedicate time and attention to the work for the Company's benefit
- Perform duty with best knowledge and effort
- Perform duty honestly and loyally

The Company exercises the disciplinary actions against wrongdoers if there is any violation of the above mentioned. Penalty measures are clearly stated in the Company's rules.

Moreover, the Company set a policy to prevent using the internal information for trading Company's securities. In order to avoid unequal opportunity to outsiders, the Company's Board of Directors resolved that the executives and Board of Directors must avoid trading for 14 days prior to the disclosure date of the Company's annually or quarterly financial statements report and within 24 hours thereafter. The Company's Secretary shall be in charge of making announcements of the Silent Period schedule regarding the Company's security trading

6. AUDITOR'S REMUNERATION

As shown in page 195

7. THE PRINCIPLES OF GOOD GOVERNANCE IN OTHER MATTERS.

The Company is in compliance with the principle of good corporate governance for listed companies (Code of best practices) according to the guideline set by the Stock Exchange of Thailand. The Company had disclosed 5 topics in item 1.1 to 1.5.

INTERNAL CONTROL AND RISK MANAGEMENT

Saha-Union Public Company Limited's main business is investment and products selling such as textile materials, stainless steel and adhesive tape products. Its policies are based on ethical values, namely-Integrity, Quality and Service, in accordance with its vision and missions in pursuit of achievement of the organization's objectives and value addition to all stakeholders, under the above-mentioned operation. The Company attaches much importance to overseeing progress and procedures on internal control process which involves 5 issues: control environment, risk assessment, control activity, information and communication and monitoring activity. During the Board of Directors' meeting No.1/2015 on 22 January 2015 in the presence of the five Independent directors, the Board of Directors evaluated adequacy of the Company's internal control process. The result can be summarized as follows:

1. CONTROL ENVIRONMENT

1.1 The Company is committed to the values of honesty and morality. Based on these values, the Board of Directors and the Executives have provided practical guidance on daily duties performing, decision-making and the way of treating its business partners, customers and outsiders. Written regulations stipulate that the executives and personnel staff must perform their duties with loyalty and keep to the Code of conduct Handbook regarding a prohibition of action that may provoke conflicts of the interest and bribery that may cause damage to the organization. Disciplinary actions shall call upon different measures of punishments stated in the Company's rules where, the executives and other employees acknowledge and sign each year. In addition, the Code of conduct is communicated to them and outsiders via the Company's website.

A monitoring process and aforementioned performance evaluation has been carried out by the internal audit team. The executives and other employees have conducted a self-assessment, and they have been assessed by independent experts from the outside and external auditor as well.

By means of detective controls, the Company has managed to act in time upon noncompliance of the above-mentioned rules. Penalties are imposed or corrective actions are taken within a reasonable time period against violation of principles of loyalty and the Code of conduct.

1.2 The Board of Directors is independent from the Company's executives; their duties are to supervise, oversee and improve the operation of internal control process.

The Company has determined to the Board of Directors specific roles and duties explicitly segregated from the management, clear goals of business operation and measurable plans as guidelines for both the executives and employees' performance. It has also established roles and duties of the Board of Directors and executives in conformity to the laws and rules, together with those of the Audit Committee, auditor, internal audit team as well as a person in charge of financial reporting.

The Board of Directors has an understanding of the Company's activities and helpful expertise and they can have consultations with specialists over this matter.

The Board of Directors comprised of Independent Directors who are skilled, competent, reliable and fully independent of work - that is one third of the Board of Directors,

The Board of Directors has undertaken an appropriate evaluation of adequacy of the internal control system in all aspects.

1.3 While taking business operation and the laws into account, the management has properly set the organizational structure and a hierarchical authority of command and responsibilities among the Board of Directors, Executives and personnel staff, including a design of an efficient internal control process with the aim of achieving the organization's objectives.

1.4 The Company has had its intention of motivating, improving and keeping skilled, competent and suitable personnel staff. Performance evaluations have been conducted in a bid to give incentives and rewards to employees for their good work, if not, to take actions to the personnel of whom their performance objectives were not met. This practice is made explicitly known to the executives as well as other staff members. Besides, problems solutions and preparatory measures are provided such as consulting service, training programs and succession plan for important ranks in case of a shortage of personnel.

1.5 The Company has ensured that each staff has a duty and is held responsible for internal control within his or her span of authority. The executives have provided corrective actions in operational process if needed through indicators of performance, assessment with the aim of incentives and rewards offering while taking account of the Code of conduct linking to achievement of the organization's internal control objectives in a short term and long term. There has not been too much pressure on the individual performance under the condition.

2. RISK ASSESSMENT

The Company has set its clear goals in identifying and assessing risks related to the achievement of the organization's objectives.

2.1 In respect to compliance of relevant regulations and rules, the Company has conformed to the accounting standard which is approved and suitable for the business in each period of time; all transactions shown in the financial statements have really existed and are complete, demonstrating correctly the rights and obligations of the Company and proper values. The report is correctly and completely disclosed, reflecting its real operational activities. The criteria for financial reporting is based on significant factors such as regulations of the government agencies involved, financial statement user, the extent of transactions and business trend.

The Risk Management committee approves, communicates and acknowledges risk management policy to the executives and the personnel staff who are required to follow so much that this practice is forming part of the organization culture.

2.2 To meet the organization's objectives, all types of risks threatening business operations have been identified and analyzed at all levels within the organization from business units to administration section. Such risks analysis is based on various internal and external factors in relation to the Company. Furthermore, likelihood of the risk occurring and its impact, provision of measures and operational plans to mitigate risks to some degree have been analyzed as well. Moreover, the participation in the risk management by the Board of Directors at all levels is embedded in the organization culture.

2.3 The likelihood of frauds has been taken into consideration; any false entry in the Company's financial records, loss of assets, corruption, the executives' performance against the internal control system, information modification on important reports, abused acquisition and exploitation of assets, etc. As a result, the control process is designed and the objectives of operation are carefully reviewed by considering a possibility of the set forth objectives, including logic of incentives and rewards offerings to employees for the purpose of discouraging them from behaving in a dysfunctional manner. However, during the meeting with the executives meeting, the Audit Committee has verified and inquired each year about potentialities of corruption and their preventive or corrective actions, including the risk management. Moreover, the Company has ensured that its policies and internal control strategic plans are understood and also applied by the personnel staff in order to prevent or reduce the risks.

2.4 The Company is able to identify and assess any changes that may have an impact on the internal control process, arising from external factors such as incidence of world economic change, including influence of foreign exchange and interest rates. The responsive measures to such changes have been sufficiently provided.

Furthermore, the responsive measures have been sufficiently provided for the assessment of change in the types of business that may affect business performance, the internal control process and the financial reports related to the Company such as addition of new type of business.

Also, the responsive measures have been sufficiently provided for the assessment of change in the organization's leader that may have an impact on the internal control process, that is to say; when the leader reaches his or her term.

3. CONTROL ACTIVITIES

The Company has adopted a system of internal control that helps to mitigate a risk of non-achievement of the organization's objectives at an acceptable level.

3.1 The internal control system of the Company is suitable for its risks and its characteristic in terms of the complexity and nature of tasks, investment specification such as follow-up control system of information and financial reporting of all invested companies, usage of cross check data system for the consolidated financial statements presentation, including management of risk arising from the foreign exchange that may affect the operations, etc.

3.2 The Company has provided an appropriate internal control process covering various measures in the form of written instructions by setting policies, regulations and procedures in regard to financial operations, purchasing and general management. There is also a handbook stating explicitly and concisely scopes of powers and duties including hierarchical command of approval of the executives at each level, aiming at preventing fraud, by limiting a ceiling and approval authorization span, providing approval procedures of investment projects, purchasing procedures, supplier selection criteria and procedures of tools requisition. There are also other operational processes as following;

3.2.1 Collect as well as update records of interrelated transactions or transactions with potential conflict of interest by major Shareholders, Directors, Executives, or any other related persons to these people for the purpose of follow-up and checking.

3.2.2 Monitor the follow-up through agreed conditions throughout commitment period, for example, repayment at the due date and review of contracts appropriateness in case of authorization of transactions with the related parties in the manner of committing the Company in long term such as borrowings, loans, guarantees and securities loans.

3.3 The Company has determined various types of internal controls, for example, manual and automated controls, including preventive and detective controls.

3.4 The internal control process takes place at all constituencies of the organization; Group companies, business units, party hierarchy, departments, sections including overall processes.

3.5 The roles are strictly divided into three groups for the purpose of cross checking. That is role of approval, role of accounting and information transaction recording and role of asset management and storage.

3.6 The Company has selected and has improved the control activities by means of technologies in a bid to support the achievement of its objectives, adopting information technology of relevance to operational process and having general control over the information and communication system through scope of duties concerned. The Company has also provided proper activities controls of structure, security, acquisition, improvement and maintenance of information and communication technology.

3.7 The Company has established the monitoring activities towards its policies stating what is expected and how to proceed in order to render these policies applicable. The procedures are specified in the Code of conduct. To give an example, concerning business transactions by major Shareholders, Directors, Executives, or any other related persons to these people, there must be approval procedures in conformity with regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. This is to prevent the related parties from exploiting the opportunities or interests of the Company for their personal benefit. Moreover, determination of transaction approval shall be done by people who do not have the common interest, on the basis of the Company's optimal interest or at arms' length basis.

As an investment company, the Company shall need to take measures and policies on following up activities of its subsidiaries or associated companies and shall also provide guidelines to the Directors or to the Executives of those companies. The Company has determined roles and responsibilities for implementing policies and internal control plans in a timely manner to both the competent executives and staff members and has taken measures to rectify performance failings (if any).

The Company has regularly conducted a review of its policies as well as operational process to render them appropriate.

4. INFORMATION AND COMMUNICATION

The Company puts emphasis on pertinent and quality information processing to support the internal control process as intended, by defining categories of information related to the Company's performance from within and outside the organization and bearing cost/benefit as well as correctness considerations in mind in regard to quantity of information.

4.1 Decision-making by the Board of Directors is based on the important information that the Company has sufficiently provided. This is to say, the Board of Directors shall be summoned to a meeting or receive supporting documents which are necessary and sufficient for considerations at least seven days in advance, as stipulated by the law. In addition to the minutes containing enough details on appropriate performance of the Board of Directors, that could be retro-checked, the Company has properly classified filing related to important documentation into categories. In case of deficiencies in the operation of internal control found by the auditor or the internal audit team, the Company has made corrections of the control already.

4.2 The Company has designed a flow of information and established the objectives as well as the responsibilities for the internal controls to support efficiently and effectively the internal control process plans. Moreover, important issues are regularly reported once a month to the Board of Directors whom access to the information and communication technology is possible for the purpose of their activities or listing check as needed. To give an example, the Board of Directors can get more information from the auditor and the internal control team besides that of the executives. Normally, meetings are held especially for only the Audit Committee and auditor, excluding the executives. Also, there were discussions between the Board of Directors and Executives besides meeting of the Board of Directors.

A channel of communication has been established for individuals so that they could inform in a safe manner the Company on suspected fraudulent activities incurring within the Company.

4.3 The Company has a proper means of communication with the external stakeholders regarding the matters that may affect the internal controls. For example, some staffs are assigned the duty of looking after activities in relation to investors or the task of receiving complaints. The external stakeholders can safely give information on suspected fraud to the Company as well.

5. MONITORING ACTIVITIES

The Company has provided monitoring activities and evaluation of effectiveness of the internal control process to ensure that the internal control strategic plan is completely working.

5.1 The Company forms an internal control team to be in charge of monitoring compliance of business ethics and the Company's regulations stating a prohibition of the management and personnel staffs' behavior that may provoke a conflict of interest. The internal control team shall submit the report to the Audit Committee.

The task of monitoring activities and evaluation of effectiveness of the internal control process has been assigned to the skilled and competent internal control team working independently. Their task is to verify if the internal control strategy is applied as planned. The Company has determined a frequency of the monitoring and the evaluation according to the situation that might change. The guidelines on audit reporting issued by the Company demand that it should be directly reported to the Audit Committee. In this regard, the internal control

team is encouraged to conform to the international standard on professional internal audit performance and also provided with relevant training programs.

5.2 The Company has created a channel of communication of audit report and deficiencies of internal controls on a timely basis to the persons responsible for this matter involving high-ranked executives and the Audit Committee. This allows necessary corrective actions to be taken promptly in case of the findings with a significant difference from the set forth goal.

The Company has a policy on reporting in a cascading way; In case of an incident, suspected serious fraudulent acts, violation of laws or any queer activities that may have a significant impact on the Company's reputation and financial position, the executives shall notify them immediately to the Board of Directors.

For any detected significant failings together with actions to be taken to rectify them, the internal control team is required to communicate them to the Audit Committee for its consideration within a reasonable time period and the latter, in turn, must present them to the Board of Directors.

Concerning progress of significant failing correction, it shall be reported to the Audit Committee who shall make a judgment on forwarding the matter to the Board of Directors.

Normally, the Audit Committee shall monitor the audit outcome at quarterly intervals and submit subsequently the report to the Board of Directors within the same time period.

The Audit Committee concluded that the internal control process and the risk management of the Company are adequate and proper. There is sufficient personnel staff to execute the work efficiently. In regard to the internal control process, control activities have been sufficiently carried out for the purpose of preventing the subsidiaries' Directors and Executives from abusing or using without authorization the assets of both the Company and the subsidiaries, involving the related transactions between parties who may have conflicts of interests and the related parties.

The Company's Auditor is Mr. Termphong Opanaphan, from EY Office Limited had performed an audit of quarterly financial statements of the year 2014 and expressed suitability and adequacy of the internal control process.

The Company gives much importance to the internal control system as well as the risk management aforementioned, which are the core elements inspiring confidence in the quality of the organization to those involved.

In the past year, there was no any defect on the internal control system.

The Audit Committee expressed no difference in opinions from those of the Board of Directors, as shown in the annual report of the year 2014 made by the Audit Committee's Report on page 100.

Chief of the Internal Audit

Mrs. Chanpen Nopsuri, the Company's Chief Audit Executive in 2014, takes responsibility for operational monitoring of internal audit process. Being experienced in internal audit system and having an understanding of the Company's business activities, she is suitably qualified for this task.

Approval, appointment and removal of the Chief of the internal Audit shall be made, at the high-ranking executives' suggestion, by the Chairman of the Audit Committee.

RISK FACTORS

The Risk Management Committee, appointed by the Board of directors, are responsible for risk evaluations, policy setting, risk management and risk evaluations reporting to the board members of the Company and its subsidiaries within time frame. Due to economic and political situation and a change in society, reviews of risk factors, risk potentialities including their impact and management measures are needed for the purpose of reducing the risk in an acceptable range or eliminating them. Based on internal and external factors, risk assessment is classified into four categories: business risk, operational risk, financial risk and external circumstances risk, which may have a significant impact on the Company. In regard to the measures and policies on the risk management, they have been transmitted to the executives and operational teams of both the Company and the companies in the group's core business so that the latter would identify clear objectives and carry them out in the same direction to achieve goals.

The following are risk causes that may significantly affect the Company.

1. **BUSINESS RISK** is the risk on returns on investment, which are different from anticipated returns.

The Company's major business is investment, consisting of domestic and foreign investment capital on which the return is in the form of dividend. Thus, the risk may arise from this unrealized return that would result in profit diminution. The Company estimates that likelihood and impact on this case are at a moderate level owing to diversification of investments. The ways of managing risk are through a conduction of close follow-up to performance and return on investment, including assessment of the future situation for business investment to anticipate solutions. In order to consider a business development, an investing company must provide a medium-term plan to propose to the Board of Directors.

1.1 Decreasing income from investment

The Company has a management measure to look for a new business. In 2014, the Company invested in a new business as a means to expand the variety of businesses, which was the purchase of a hotel business under the trade name, Hilton Hua Hin Resort and Spa, located in Hua Hin District, Prachuap Khiri Khan Province, valued at Baht 3,200 million. The Company considered that it's a long-term investment with great potential to generate constant income in the future. For more details of this business, in terms of seasonal income and economic conditions, are provided in the Notes to Consolidated Financial Statements, clause 1.2, verse 3

1.2 Risk on the target return on investment.

The target return on investment which is not achieved is another risk cause that may occur in the future, arising from a change in accounting standard; from Thai to international practice, involving precisely interpretation of the International Financial Reporting Standards No 4 (IFRIC 4) related to assessment of the agreement, whether it included lease contract or not, and No 12 (IFRIC 12): service concession agreement. This concerns interpretation of business on electricity generation as a lease or service concession, which will affect the operational business of Ratchaburi Power Company Limited, invested by the Company. The latter may have to modify the accounting record model. In spite of its revenue arising from production and sales, it shall be

gradually recorded as earnings related to concession period, according to the new accounting standard taking effect in 2014. It means that net profits would decrease in the early years. As a result, the Company would get less dividends.

2. OPERATIONAL RISKS. The important operational risks are as follows;

2.1. Risk of damage and management errors of invested business.

As indicated earlier that the Company's main business is investment, logically, if any entities in which the Company invested failed to work, it may cause damage to the Company in terms of securities. The Company estimates that potential risk and its impact are at a moderate level as the company has diversified their investments. The company's measures for the entities in question are through risk assessment, internal control process, policy on providing relevant knowledge, performance follow-up, including regular meeting holdings for investors and executives. In addition, on the part of the Company, checking, monitoring and internal control process provided for each operation business is a must. The Company places an emphasis on checking remaining goods as well as managing debtors and creditors affairs and other systems in secondary thing.

2.2. Risk of reliance on orders from a few key customers.

Some of the Company's subsidiaries are joint ventures and the partners are foreigners who carry out the overseas marketing plans. The Company is strongly influenced by demand of product orders from a few of these key customers in case they change or reduce order volume or move their facilities to another country. However, the potential risk is quite low as these partners have about 50% of capital and they should cooperate to get returns on investment. The Company has taken measures by maintaining good relationships with the partners and by offering its products of quality to the customers as required.

2.3 Risk of non-return on assets.

During the past years, there was a change in business operations in Sri Racha by the Company on a basis of assets leasehold which expired. The lease agreement is currently terminated by the tenant. As a result, the Company has a risk of non-return on assets. Most of the assets are buildings, clean-room system as well as equipments used especially in manufacturing business of electronic parts of computers, but not assets in general. In case of maintenance to keep these assets in a normal condition, a quite huge increase of expenses is needed by the Company. Consequently, if the Company cannot find a new tenant, returns on assets mentioned above will not be possible, leading to a revenue decrease and probably more expenses. In 2014, the Company gradually sold its unused assets, and was considering a measure to deal with the issue. The impact of this kind of risk may eventually lead to lower shareholders' dividends. Anyhow, such impact may, in turn, result in decreasing dividend payments to shareholders.

3. FINANCIAL RISKS. Below is a list of significant financial risks:

3.1. Risk of foreign currency exchange loss in the associated companies.

According to the Company's analysis, the potential risk and their impacts are high because of the export volume is quite a great deal for the major company in the Group. If there was a high fluctuation of exchange rate for Thai baht compared to US dollars, thus, this affected foreign currency-denominated expenses and earnings from product sales, then exchanged to Thai baht. Substantially, this risk factor plays an important role. The Company takes action by assigning a personal to be responsible with the ongoing situation and the exchange rate. This person has to report activity and consult with Managing Directors of the associated companies, in relation to prompt decision-makings. Additionally, the associated companies have to report impact of foreign currency exchange rate, including number of debtors and creditors to the Company. Normally, the Company has its policy to manage this risk by using Natural hedge and consider making Forward contracts with banks according to the situation. This is only to prevent the risk, but speculation about exchange rate is not permitted. Moreover, the Company has invited from time to time key speakers from financial institutions to bring about more knowledge and skills, at the same time to place emphasis on management vigilance, to executives and personals concerned.

3.2. Risk of impairment of investments.

The Company's main business is investment, in many kinds of investments. With the passing time, changes in economic and political situation, demand and supply, energy price as well as raw material price may influence some business types invested by the Company. If the performance of these associated companies is negative, the value of shareholders' equity will decrease. In case the decrease is inferior to the total of Company's investment, it is necessary to record the impact on low-value of investment. In this regard, the Company assessed that the potential risk and its impacts were at a moderate level. The Company's measure has been through quarterly assessment of invested business. In this regard, the Company conducted assessment of this risk. In 2014, Baht 105 million of the impairment of investments was accounted for in the notes to financial statements for the year 2014 No. 4.13, No. 12, No. 13.1 under the Separate financial statements and No. 14.

4. RISKS ARISING FROM EXTERNAL CIRCUMSTANCES. These risks, being beyond control of the Company, are as follows:

4.1. Increasing in oil and energy prices in the world market.

Based on uncontrollable external situations, this type of risk may result in increasing prices of raw materials, transportation as well as capital involved such as energy and electricity. The sales price of products on the market cannot be raised on proportion to the increase in raw material prices while the cost is growing. This causes a decrease in gross profit. According to the risk assessment conducted by the Company, exposure to the risk is classified as high and its impact is moderate. Therefore, they have taken measures by providing

an experienced supply agent of raw material in order to develop planning strategy related to appropriate quantity and duration. In addition, the Company has sought to save energy or to modify operational methods for the purpose of reducing energy costs by running machines during off-peak period.

4.2. Increasing interest rate risk.

The source of working capital of some subsidiaries is partly from loan. Therefore, the increasing interest rate results in financial costs. This factor is outside the control scope of the company. If interest rates rise, it will affect the cost of financial year. In around 2014, the interest rate was similar with the previous years. However, the Company and its subsidiaries do not have huge loans. Thus, the risk assessment and its impact are at a low level. To prepare for this event, the Company has a policy to prevent this risk by maintaining a portion of the structure between debts and funds accordingly so as to get a high return on investment than the financial cost of the company.

4.3. The risk of Global economic change.

In 2014, the world economy was affected by the economic crisis in Europe, so was Thai economy. As a result, the associated companies got less order volume from the European customers, when compared to those in a normal economic situation. The business group that was the most affected is textile segment and rubber segment, including adhesive tapes segment. This might affect the companies' operations, in which the Company had invested, in the way that the Company will get less dividend payment during this period. The ways of managing these risks factors by the Company are through maintaining the marketing parts as well as improving its product quality to compete with rivals. Anyway, the Company's existing investments are aimed at getting long-term yields. Regarding risk management measures, the Company has focused on careful consideration about investments, follow-up of economic situation in the invested partner's countries, including study of fundamental factors in the countries to be invested, on the purpose of getting proper yields.

4.4 Epidemic impact on the economy

In 2014, there was an outbreak of Ebola disease which caused the government to pay attention on preventive measures and precautions. The screening for immigrants became stricter, especially for those who traveled from risk areas, so as to prevent the spread. The Company considered the chance of the incident medium, but the impact would be so severe the overall economy would be destroyed. The Company has prepared a preventive measure by increasing the level of health safety.

MANAGEMENT DISCUSSION AND ANALYSIS

During 2014, Thailand's political, economic and social situations were undergoing a reform, yet hopeful to move on to a better direction. However, some industries and businesses were affected and so were some of the Company's investments such as automobile parts manufacturing, computers trading, etc. Fortunately, due to the Company's business investment policy of both globally and locally including the variations of business categories, they were fairly diversified and well-balanced. In other words, the Company's investment in power cogeneration in the People's Republic of China, in the previous year, demonstrated better performance.

1. OVERVIEW OF OPERATIONS AND THE FACTORS IN SIGNIFICANT CHANGES

In 2014, the performance, according to Company's separate financial statements based on cost method showed Baht 1,205.79 million net profit, a decrease of Baht 243.97 million or 16.83%. The main factor came from the receipt transaction of Baht 600 million dividend incomes from Jiangsu-Union Cogeneration Group which occurred before the completion of registration of transferring the right of shares disposition, with the recognition of profit gained from the earlier mentioned investment disposals of Baht 173 million. The reason for the investment disposal was due to trends showing that these groups of business were no longer profitable. The transaction was completed in 2013 where none of such transactions had occurred in 2014. Therefore the net profit according to separate financial statements, based on cost method is not equal to the amount shown in consolidated financial statements.

The operation overview according to the consolidated financial statements, based on equity method in 2014, the Company's shareholders earned a net profit of Baht 1,003.25 million, an increase of Baht 64.72 million or 6.89%, compared to the net profit of the Company's equity holders of Baht 938.53 million in 2013. The major causes that contributed to the changes of the above-mentioned performance were the reflections of the following factors and some significant events:

1.1 The Acquisition and Disposals of Business Investments

The Company's main business is investment. Continuing from 2013, the Company has either decreased or partially disposed the investments in power plant business in Jiangsu Province, which are the 3 companies in Jiangsu-Union Cogeneration Group as its details has been disclosed on consolidated financial statements, Item No. 25 "Benefit and gains on disposals of investments in associates held for sale". The reason of the investment shares disposal is due to a trend indicating a non-profitable business in the future. As a result, the Company received Baht 1,902.42 million from the shares sale and earned Baht 776.79 million of dividend income before the registration of shares transfer, of which came to the total earnings of Baht 2,679.21 million. In 2014, since the Company received no similar earnings, the significant factor that contributed a change in operations. Thereafter, the Company has been searching for new investment and looking for the opportunity to establish long-term yields.

On 12 June 2014, the Company has added a new "hotel" business. The new subsidiary business is named The Royal Hotel Company Limited with a registered share capital amounting to Baht 3,000 million, invested by Saha-Union Public Company Limited at 96.22%. Subsequently, the Company assigned The Royal Hotel to act as its representative to enter into an agreement to acquire the business of Hilton Hua Hin Resort and Spal, which is located in Hua Hin District, Prachuap Khiri Khan Province, from a non-related party. The acquisition has a contract value of Baht 3,200 million, and consists of land, buildings, equipment, utilities systems. The Royal Hotel arranged for the assessment of the fair value of the identifiable assets acquired and liabilities assumed at

the acquisition date. The assessment was done by an independent auditor approved by the Securities and Exchanges Commission. It was completed in the fourth quarter of 2014, which was within the period of twelve months from the acquisition date allowed by Thai Financial Reporting Standard 3 on Business Combinations. In summary, out of Baht 3,200 million worth of trading value, Baht 521.72 million was held as goodwill from business acquisition consisting of the business opportunity provided by the acquisition of a five star hotel ready to operate immediately from the acquisition date. Moreover, various physical features such as the hotel's location, the overall environment and the uniqueness of the building, all are adding the value to this transaction. However, the investment is viewed as long term investment as well as newly added business. Therefore, it will take some time to reach the payback period. Also, the consequence of this increasing investment, there was no yield on interest such as in 2013 that approximately Baht 38 million was received from bond interest.

1.2 Directions and Economic Trends

In 2014, Thailand's economic atmosphere was slowing down and so was the growth rate of economy. The expansion of durable goods manufacturing was modest and therefore the sales rate growth was less than the previous year. Some businesses within the Group Companies were also affected by the slow growth of economic atmosphere such as the manufacturing of plastic parts for the automobile industry. Other businesses affected were the trading business which is computers and parts whose sales were declining compared to the year before.

1.3 The Occurrence of Undesirable Event

On 14 May 2014, there was a fire in the stainless steel vacuum bottles factory building of Union Zojirushi which is located in Bangchan Industry Estate. As a result of this event, the factory building and stainless steel vacuum bottle inventory were damaged and production was temporarily ceased. The management of Union Zojirushi decided that the damage caused by this fire did not materially affect the financial statements since Union Zojirushi has insurance coverage for all type of risk. At present, the insurance company is in the process of estimating the compensation to be paid for the fire damage and the amount of compensation to be received cannot be determined at this time. However, Union Zojirushi preliminary recorded losses incurred as a result of the fire damage in its accounts. For the financial statements, the Company presented those losses as separate items under the captions of "Losses on inventory write-off", amounting to Baht 34 million, and "Losses on property, plant and equipment write-off", amounting to Baht 14 million. Union Zojirushi and the Company will record the compensation from the insurance company as income when Union Zojirushi receives it. Consequently, the fire damage decreased the sale volume and profit during the second quarter. However, based on annual overview of financial statements, the plastic, rubber and metal business gained more sales and earned more profit than the previous year at 6.32% and 3.41% respectively. Its detail can be found on Item No. 29 Segment Information stating that the Company had administered the risk by expanding the factory to Bang Pakong district where the area is larger than the old one and a better preventive measure is in place.

2. THE PERFORMANCE AND ABILITY TO MAKE PROFIT

2.1 Sales and Services Income

The Company gained income from sales and service in 2014 of Baht 9,685.84 million, Baht 267.68 million more compared to Baht 9,418.15 million gained in 2013. The increasing sales of Baht 297 million from plastic, rubber and metal business group significantly contributed to this factor. Most of the sales came from the higher sales volume of stainless steel vacuum bottles, as a result of manufacturing expansion policy. The sales income of woven fabric segment and trading segment were decreased Baht 115 million and Baht 270 million,

respectively, due to Thailand's economic slowdown. Furthermore, energy business in the People's Republic of China gained Baht 115 million from its 2014 sales, due to the expansion of production capacity and the increasing sales of electricity in Jiashan City. Also in 2014, there has been new business investment as mentioned earlier in the Item No.1. Overview of operations and the factors that make significant changes. As a result, the Company gained 242 million baht more from its hotel business where in 2013, this business segment did not exist.

2.2 Other income

In 2014, the Company and its subsidiaries gained other income, besides their sales and service, mostly from investment transactions in the total of Baht 750.58 million which was Baht 292.30 million or 2.78% less than those gained in 2013 of Baht 1,042.88 million. The main factors in changes are as following:

(a) Rental income

The Company at Sriracha operation conducts the business of property leasing of clean room and building for manufacturing hard-disk-drive parts. During 3rd quarter of 2013, the lessee terminated the contract, from there on and throughout 2014, the Company no longer received any rental income. Therefore the rental income received in 2014 decreased Baht 119.88 million while in 2013, the Company still earned the first half-of-the-year rental income.

(b) Resulting from (a)

The lessee terminated the lease contract prior the expired date in 3rd quarter of 2013. Therefore the lessee had to pay penalty fee of Baht 63 million due to early termination of the lease, also recorded as other income. Since in 2014, the Company did not have this segment's transaction, resulting in a decrease of other income in 2014 at the same baht amount.

(c) Interest income

In 2014, the Company received Baht 54.25 million interest income compared to Baht 134.66 million received in 2013, resulting in the decrease of Baht 80.41 million in 2014. This was the result of withdrawing short-term-bond funds of approximately Baht 2,200 million in mid-2014, combined with the savings from a financial institute as the investment expenses for acquiring a new, "hotel business" for Baht 3,200 million, as mentioned above. Hence, the interest income of 2014 was decreased approximately Baht 80 million.

For other segments of other income, there were not any significant changes.

2.3 The Cost and Expenses of Sales and Administration

In 2014, the Company and its subsidiaries generated cost of sales and services for Baht 8,466.39 million, which was Baht 185.79 million more, compared to Baht 8,280.60 million generated in 2013. The major factor was consistent with the increasing trading transactions in accordance with the changes in sales. Most of the change came from Plastic, Rubber and Metal business, the Energy business in the People's Republic of China, including the newly added, "Hotel Business" in 2014. Based on the analysis of cost of sales structure, the cost has shown the usual ratio which is 87% of annual sales volume.

The 2014 of selling and administrative expenses, the overall sales expenses were Baht 277.96 million, which was Baht 5 million more than Baht 272.88 million in 2013. The increased amount was gained from Plastic, Rubber and Metal business segment which generated more sales volume, including those from the newly added hotel's sales and services business in 2014. When compared the ratio of selling expenses between those of 2014 to 2013 resulting in similar ratio at 3% of the annual sales volume, which is considered, a usual rate.

Administrative expenses in 2014 were Baht 680.75 million, Baht 72.84 million less, compared to Baht 753.58 million in 2013. The factors of administrative expenses decreased to 0.68% of the total income. Once

the factors of each business segment was analyzed individually, the expenses were varied depending on their income of sales and services, which are considered common in business practice. The most significant factor that brought change came from the Company's investment segment, the decreasing depreciation of the fixed assets. Therefore, because of non-economic beneficial fixed assets and the leased assets expiration, the decrease of depreciation was down Baht 63 million and the lease of property was down Baht 12 million. Nevertheless, it was conforming to the Company's policy of administering the expenses to be in accordance with the income of each business segment.

2.4 The Ability to make Profit

Gross Profit

In 2014, the Company and its subsidiaries gained gross profit of Baht 1,219.44 million, Baht 81.89 million higher than year 2013 that gained Baht 1,137.55 million of gross profit. The percentage of 2014 gross profit was 12.59% or 0.51% higher, compared to 2013 gross profit of 12.08%. The main factor came from the Company's subsidiaries' energy business in the People's Republic of China. Their electricity manufacturing operation was efficiently cost controlled. Therefore they generated higher gross profit of Baht 92 million or 10% more than year 2013. These organizations have been continually receiving national excellent management awards for many years. Other business' gross profits have varied according to the rise and fall of each business segment's sales.

Operating Profit and Cash Flows from Operations

In 2014, the Company and its subsidiaries earned net profit before profit sharing in investment in associates, financial expenses and income tax expenses, or in other words the operating profit of Baht 921.91 million, decreased by Baht 53.54 million or 0.49% less than year 2013 which gained an operating profit of Baht 975.45 million. The major cause was the fire damage of its subsidiary's stainless steel vacuum bottles manufacturing building in 2014. However, the Company thought that there were no effects on its performance as the Company has held a comprehensive insurance policy. The Company also recorded the total fire loss of Baht 48 million in its financial statements before acknowledging the insurance company's compensation for the damages at the end of 2014. Such an incident has brought down the Company's operating profit. Once the amount of reimbursement is disclosed, it will be recorded in the Company's financial statements. Upon considering the net cash flows from operating activities according to the cash flow from consolidated financial statements, the operating profit was Baht 1,090.92 million which the Company can recall the whole amount as cash flow from operations, proving good financial liquidity. The operating profit in 2014 was at 8.83% or 0.49% lower than 2013 which was at 9.32%. Thus, there was not a significant difference in operating profit between these two years.

Earning Ratio

According to the consolidated financial statements, profit for equity holders of the Company was amounted to Baht 1,003.25 million or 9.61% of total income. Once compared to 2013's total income which was Baht 938.53 million or 8.97%, the higher net profit gained in 2014 of 0.64% is considered no significant change. The slightly better net profit resulted from gross profit which was a little better than the previous year, small decrease of other income, decrease of administrative expenses and fire in 2014. However, the amount of export sales was increased, shielding the negative effects on the Company's performance from the above mentioned. Overall, there was a slight increase in earning ratio.

Return on Equity (ROE)

In 2014, according to the Company and its subsidiaries' consolidated financial statements based on equity method according to accounting standards, with the recognition of investment profit gained from the associates, the Company earned Baht 1,003.25 million profit attributable to equity holders or 3.46% per share (the Company's shareholders). Therefore the average ROE is 5.71%, much higher than financial institutes' fixed deposit accounts' interest rate. The ROE in 2014 was 0.12% slightly higher than year 2013 which was 5.59%.

For separate financial statements, based on cost method, the Company had a net profit of Baht 1,205.79 million or Baht 4.02 per share which was Baht 243.97 million less or Baht 0.81 per share. The cause of decreased net profit in 2013 came from the special dividend received before the transfer of investments and profit received from the disposal of the investments with Jiangsu-Union Cogeneration Group, as it was mentioned earlier under Item No.1 Overview of operations and the factors in significant changes. But in 2014, no similar transaction occurred.

The Company holds the dividend payment policy of dividend income based on performance no lesser than 1/3 of annual net profit after deduction of retained loss (if any). This is the net profit of separate financial statements (based on cost method) pending on business liquidity and company's cash expenses. However, the Company has consistently paid dividends to its shareholders in appropriate rate. Therefore on 19 March 2015, the Company's Board of Directors had proposed at the shareholders meeting for approval of paying a dividend to the shareholders at the rate of Baht 1.75 per share or 43.54% of net profit based on cost method.

History of company's dividend payment compared to net profit per share based on cost method is as following:

Year	Dividend per share	Net profit per share (cost method)	Dividend per net profit (%)
2013	2.00	4.83	41.41
2012	1.50	3.39	44.25
2011	1.50	2.53	59.29
2010	1.75	4.36	40.14
2009	1.50	2.58	58.14

3. FINANCIAL STATUS AND ASSET MANAGEMENT CAPABILITY

The Company's asset structure of major business is investments. As of 31 December 2014, the Company carried total assets of Baht 22,136.87 million which was Baht 662.34 million or 3.08% more, compared to total assets of Baht 21,474.52 million in 2013. The significant causes of this change are as following:

3.1 Compositions of Asset

The composition of assets is calculated by proportionally comparing to the total assets each year. At the end of 2014, the main components consisted of current assets 29.02%, investment fund 33.22%, investment property 8.39%, property, plant and equipment 25.82%, goodwill 2.36% and other non-current assets 1.19%. Compared to the changes of assets composition in 2013, the major change in 2014 was cash and cash equivalents which were proportionally decreased at 13.04% or Baht 2,714.65 million. This was due to the use of excess liquidity cash to acquire property, plant, equipment, utilities systems related to the hotel business as the Company's new business expansion named the Hilton Hua Hin Resort and Spa, which is located in Hua Hin District, Prachuap Khiri Khan Province. This transaction is in accordance with the increasing property, plant and equipment, adding the value of Baht 2,676.75 million or 11.67% to the component of the increased fixed assets for the hotel business operation. Consequently, goodwill component rose 2.36% or Baht 521.72 million more. Since the Company was able to recognize income as soon as the date of acquisition. The combination of hotel's location, uniqueness of the building and the overall environment, in comparison to the business competitors and the industry's situation, the goodwill was appropriately valued.

At the end of 2014, inventory dropped by Baht 230.98 million causing a decrease of proportion of goods in transit' composition by 1.16% or Baht 217.13 million.

The transaction of short-term loans to related parties decreased by 1.45% or Baht 311.64 million, all because the subsidiaries in the People's Republic of China received a short-term loan payment according to the agreements as its details shown on Note to financial statements No.8.

The transaction of investment properties increased by 2.67% or Baht 629.92 million, most of which came from the acquisition of the land adjacent to the Company's headquarters' property for 3 more Rais near Sukhumvit Road. Therefore the formerly two plots of land became one parcel with the wide-front side closer to Sukhumvit Road for future use.

Other assets besides those above-mentioned had no significant changes.

The return on assets was at 4.60% and 27.87% for fixed assets, 8% less than that of year 2013. This is because in 2014, the Company had acquired a significant larger amount of fixed assets from the hotel business, though its return did not yield the full year's operating performance. Consequently the average return decreased. The Company's total asset turnover rate was at 0.50% which is close to 0.48% in 2013.

3.2 The Asset Quality

On 31 December 2014, the total balance of trade receivables and other receivables was Baht 1,885.33 million which was 8.52% of the total assets. It is Baht 73.08 million more than Baht 1,812.25 million of the previous year. They were trade receivables-related parties for Baht 28.02 million of which Baht 9.63 million was past due over 12 months under the associates' liquidating receivables and the Company has recorded the total of Baht 9.63 million as allowance for doubtful accounts. The rest of the balance of Baht 18.39 million belongs to the net trade receivables-related parties. Furthermore there were also trade receivables-non related parties for Baht 1,669.11 million. Once deducted by Baht 7.10 million for allowance for doubtful accounts, the net balance of trade receivables-non related parties were Baht 1,662.02 million. Therefore the grand total of net trade receivables was Baht 1,680.41 million higher than the end of 2013, Baht 118.38 million. The main factor came from Plastic, Rubber and Metal business segment's much higher sales volume, thus, higher receivables in that year. It is usual receivables and the payment is not yet due. The average of accounts receivable collection period is approximately 62 days which was close to the Company's term of credit granted for the customers and close to 59 days of the previous year. Therefore the collection period is considered a usual period for the Company's term of credit.

Other receivables such as prepaid-corporate income tax (withholding tax), prepaid expenses, input tax refundable and others came to the total of Baht 234.28 million. This sum consisted of other receivables-related parties Baht 29.36 million, which is the same as liquidation account settlement of the above mentioned trade receivables-related parties. The Company reported a recorded of Baht 29.36 million worth of allowance for doubtful accounts. The rest of the net outstanding balance is other receivables of Baht 204.92 million which is expected to be paid within one year.

The net value of past due over 12 months' receivables is Baht 48.88 million. Therefore the Company has reported a recorded of Baht 46.09 million worth of allowance for doubtful accounts which is 2.39% of the whole receivables (Trade and Others). The Company and its subsidiaries believed that the recorded amount of the allowance for doubtful accounts is proper and sufficient in the current situation, therefore it is considered a good quality asset according to the consolidated financial statements.

On 31 December 2014, the inventories balance was at Baht 1,144.86 million. The subsidiaries had lowered its cost to the expecting net value receivables of Baht 67.52 million which brought the net inventories balance to Baht 1,077.33 million or 4.87% of total assets. The inventories value by the end of 2014 was Baht 217.12 million



less than year-end of 2013. At the end of 2014, there was Baht 67.79 million worth of goods in transit, compared to Baht 298.78 million in 2013, showing the decrease of goods in transit Baht 230.98 million. According to the inventory control system, the Company consistently performs internal control systems, doing inventory count check and reports the age of inventory analysis for further administration, including evaluating relative market value assessment of the inventories assets with the net book value and recording impairment of the assets value (if any). In this round, the Company restated a cost reduction to Baht 40 million in order to keep the cost, according to the book, not higher than the expecting sales value. The Company and its subsidiaries estimated the amount of the allowance of impairment of assets value as shown on the Financial Statements Item No.10, was adequately set.

The transaction of the Company and its subsidiaries' investments as of 31 December 2014, carried a grand total of Baht 7,353.38 million or 33.22% of the total assets, which was Baht 61.49 million more, based on equity method. During 2014, there was no new investments in the Group Company or others. The mentioned investments consist of net investments of Baht 5,487.65 million based on equity method, with associates and other long-term investments with the net value of Baht 1,865.73 million. In 2014, the Company analyzed the Group Company's investment value according to the consolidated financial statements with the value recognition based on equity method. During the year 2014, the Company set up additional allowance for impairment of investments in associates amounting to Baht 92 million. As a result, as of 31 December 2014, the Company recorded allowance for impairment of investments in associates totaling Baht 395 million in order to reflect the future expected return on investments. The Company believes that the number appeared on the financial statements indicated a proper amount, not too low or high.

For the other long-term investment, there was not any significant change besides the restatement of securities' market-traded value for sales at Baht 61.31 million more, which by the end of accounting period, held the same market-traded value as its details shown on the Financial Statement Item No.14 Other Long-Term Investments. For the details of the categories of investments in associates, name of the investments, type of business, proportion, the cost, the value base on equity method, can be found on the Financial Statement Item No.13.

Other Compositions of Asset

The intangible assets consist of:

- (1) Goodwill. There was Baht 521.72 million in goodwill as above-mentioned which is 2.36% of total assets acquired by the subsidiaries to provide the opportunity of business income
- (2) Leasehold Property. The Company's Associate in the People's Republic of China has to lease the property from the government to conduct the business. Therefore they hold the leasehold property of Baht 31.48 million which is 0.14% of total assets.

Intangible assets are considered essential in business operations, therefore this composition of asset is adequate.

4. COMPANY'S ADEQUACY AND LIQUIDITY

4.1 Sources and uses of capital

For the year ended on 31 December 2014, according to the cash flow statement of the consolidated financial statement, the Company and its subsidiaries held the sources and uses of capital as following:

The Company held net cash flow of Baht 1,090.92 million from operating activities which included account receivables and account payables. Baht 29.83 million baht was cash paid for interest. Baht 193.88 million was cash paid for income tax and Baht 17.99 million was cash refund from income tax. Therefore the net cash flow

from (used in) operating activities was Baht 885.21 million, the grand total of Baht 3,129.58 million was from (used in) investing activities and Baht 283.51 million on financing activities. After being restated by the translation adjustments of foreign currency exchange of Baht 187 million, the total of cash flow spent throughout the year 2014 was Baht 2,714.65 million. But once combined with Baht 5,585.75 million of cash brought forward at the beginning of the year, by year-end 2014, the total cash flow balance was Baht 2,871.09 million.

Before interest payment and corporate income tax payment, the source of cash flow from operations was Baht 1,090.92 million while the Company gained profit of Baht 921.91 million from the operations, all in cash return. This has demonstrated the Company's high liquidity and ability to handle the operation activities' expenses adequately.

The significant changes of the expenses on investment activities, based on the policy of business expansion, is the spending acquiring property, plant, equipment and hotel business operation named, Hilton Hua Hin Resort and Spa for Baht 3,200 million, the purchase of machinery, equipment and improving cogeneration plant's building in the People's Republic of China for Baht 155 million and expenses on plastic, rubber and metal business for Baht 270 million. The sources of this capital came from both internal cash overflow of liquidity and financial institute's long-term loan with payoff term. Current and portions of long-term loans

For financing activities, the significant expense was Baht 752 million of dividend payment to the major shareholders and the net Baht 361 million loans received from a financial institution.

To summarize, the Company had high liquidity and sufficient fund to pay for operating activities and loan according to the agreed period.

The Adequacy of Capital Structure

On 31 December 2014, the Company held the capital structure of Baht 19,312.96 million from the shareholders and the liabilities of Baht 2,823.90 million. As the result, it is 0.15:1 debt-to-equity ratio between liabilities and the shareholding part of which the similar number of ratio shown on the previous year. It is considered a very small portion of liabilities when compared to its source from the shareholder segment. Thus, the Company's lenders were at low risk on the account of Company's repayments.

In summary, the investment structure can increase its liabilities from the loan in the future.

Debt Service Coverage Ratio

The Company and its subsidiaries' liabilities were classified to current loan portion due within one year, consisted of short-term loan of Baht 344.56 million and current portion of long-term loan of Baht 177.2 million. The current portion debt according to financial agreement Baht 62.61 million, the deposit from related parties Baht 58.29 million, income tax payable Baht 21.81 million and other current liabilities Baht 79.55 million. The grand total was Baht 744.02 million when compared to cash and cash equivalents of Baht 2,871.09 million, ready for use, the Company held the ability to immediately pay the debts due within one year in completeness. In other words, the ratio of the debt repayment is 25.91% of existing cash or 0.26:1, indicating that the Company's high ability to pay debt without affecting its operation. In general, most debt service coverage ratio usually is at 1:1. Besides the number from the creditors shown on the Company's statement of financial position, there is also Off-Balance Sheet Financing source which is the Company's unused line of credit of Baht 900 million issued by the bank.

Between these periods, the Company held no changes in capital structure. There were no occurrences of increasing or decreasing investment funds including any significant use of capital from the creditors.

Composition of the Shareholders' Equity

According to the consolidated financial statements, on 31 December 2014, the equity attributable to owners of the Company was Baht 17,782.91 million. It was Baht 397.46 million more compared to the equity of Baht 17,385 million at the year-end 2013. The reasons of change were as following:

- (1) The Performance segment, The Company's net profit grew Baht 1,003.25 million more. During the year, there were dividend payments of Baht 700 million as the resolution of the Annual General Meeting of the common Shareholders' meeting, resulting in shareholders' equity, the increase of Baht 1,003.25 million and the decrease of Baht 600 million respectively.
- (2) The unrelated operation but with recognition of the increased profit (loss), restated to the total decrease in shareholders' equity of Baht 5.8 million, was composed of;
 - (2.1) Adjustment based on accounting standards. There was a recognition of unrealized gain (loss) from securities available-for-sales at the end of the period with its reevaluation based on market price, adding Baht 49.43 million to the shareholders' equity.
 - (2.2) The difference on translation adjustments of consolidated financial statements and gain (loss) financial statements in foreign currency. The difference decreased the shareholders' equity by Baht 103.28 million.
 - (2.3) Adjustment on the decrease in deficit on investment in subsidiary, (Union Technology (2008) Plc. ("Union Technology (2008)) arising as a result of acquisition of additional shares of a price over than the net book value at the acquisition date because of the dissolution of the subsidiary. The Company had set the allowance for diminution in value of investments to the shareholder's equities. Union Technology (2008) registered its dissolution on 11 April 2014, in accordance with a resolution passed by the Annual General Meeting of Shareholders No. 21 on 20 March 2014. In December 2014, Union Technology (2008) completed the liquidation process. The Company received back its investment cost and had a gain on this dissolution amounting to Baht 28.02 million in shareholders' equity.
 - (2.4) Restated the recognition of dividend payment to subsidiaries that held the Company's shares. According to the accounting standards of financial statements, such dividend payment is not an expense. Therefore, Baht 20.04 million was restated in addition to retained earnings amount.

Once summing all the above-mentioned factors, in 2014, the shareholders equity arose to Baht 397.46 million more. Therefore on 31 December 2014, the Company's shareholders equities valued at Baht 17,782.91 million.

4.2 Capital Expenditure

In 2014, the Company held significant capital expenditures as following:

- (1) Acquiring property, plant, equipment and utility system in relation to the hotel business as the new business expansion named, Hilton Hua Hin Resort and Spa, which is located in Hua Hin District, Prachuap Khiri Khan Province. The acquisition has a contract value of Baht 3,200 million. This is to follow the Company's policy of adding new business by using 90% of the expenditure from the excess investment liquidity and 10% from loan. The acquisition happened in June 2014 with onetime payment for the total balance. The income was generated partially and seasonally in 2014. Therefore the overview of performance will be observed in the following year.



- (2) Energy Business. The subsidiaries' cogeneration plants in the People's Republic of China purchased boilers and a new building in order to increase the production capacity more efficiently. The new purchases were to replace the old machines that had outdated technology. Once the new machines are in full operation, it will help reduce the production cost and increase product quantity. This capital expenditure was approximately Baht 155 million and came from the Company's internal revolving fund that has excess liquidity, but without effect on the operation's cash flow.
- (3) Capital expenditure on acquisition of machines, equipment and the renovation of Plastic, Rubber and Metal factory building for Baht 270 million, mostly went to factory expansion in order to increase production capacity. Also, there was an increase of investment in moldings used in production, in response to the new product's purchasing orders. 90% of the investment source came from bank's term loan with every 6 months repayment period. The last payment is scheduled to be in 2017 which the Company fully expects to manage loan repayment under overall covenants and restrictions.

4.3 Adequacy of Liquidity

Referring to the above-mentioned, the Company holds loan in small ratios, cash flow coming from the full profit generated by the business operation. The Company maintained the ability to repay short-term loans with its cash flow in completeness demonstrating its high liquidity. Moreover, the Company still holds an unused line of credit of approximately Baht 900 million. Therefore, if necessary, the Company can use the line of credit to apply for short-term call loan or 3-month-term loan with interest based on short-term money market rate.

The Company holds the liquidity ratio as following:

The Current Ratio between current assets and current liabilities is at 3.13 to 1 and 2.60 to 1 for Quick Ratio, indicating the Company's absolute ability to turn quick assets into cash for not only making a complete repayment of current liabilities but also leaving the Company liquidity ratio at 1.60. In other words, the Company and its subsidiaries maintained their adequacy of liquidity.

In regard to debtor and creditor, the Company held the average collection period of 62 days, which is close to 59 days in the previous year and also close to the credit term given to the customers. The average payment period was 41 days which is fewer than the previous year of 46 days, nevertheless within the credit term given by the creditor. As for Cash Conversion Cycle, It was 33 days which is close to 31 days per cycle from the previous year, starting from the time raw materials was purchased until the collection of accounts receivable generated in the sale of the final product. In other words, the Company and its subsidiaries were holding 11 cash conversion cycles per year.

The Leverage Ratio was at 35.56, indicating that the Company and its subsidiaries held the adequate cash flow and could make interest payments to creditor in completeness.

4.4 The Ability to Find Additional Source of Investment

The additional source of investment held by the Company and issued by a financial institute is the unused short-term line of credit which is approximately no less than Baht 900 million. It is classified as 3-month-term promissory note or call loan.

4.5 Factors That May Affect Credit Rating

The Company's source of investment came from the shareholders' common stock only, neither debenture nor bond has been issued. As a result, there is no effect on company's credit rating.

4.6 The Ability To Repay and Follow by the Covenant and Restrictions of Loan

There is a Subsidiaries' loan from the bank. It is a long-term loan with scheduled repayments every 6 months or annually from 2012 to 2018. However, under the loan agreement, there are covenants and restrictions, that is the maintenance of a debt to equity ratio, including negative pledges on certain assets that are essential for the subsidiaries operations. As for the ability to repay, the Company is confident to satisfy the mentioned covenant and restrictions of loan in completeness. For debt repayment, at on 31 December 2014, according to the consolidated financial statements, the Company and its subsidiaries held the total of Baht 537.8 million long-term loan, but Baht 2,871.09 million of cash and cash equivalents. Therefore they had the ability to pay adequately and immediately the interest and loan. There are no factors expected to interrupt the loan's agreement. Furthermore, there are no effects on dividend payment either.

5. CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

The Company and its subsidiaries held liabilities: current portion due within one year such as trade payables and non-current due-over-12-months liabilities such as long-term loans, finance lease agreements, provision for long-term employee benefits and other non-current liabilities, the grand total of non-current liabilities is Baht 769.62 million. Each liability carries different repayment schedule. For example, the long-term loan requires commitments under the loan's contractual agreements. Finance lease agreement requires commitments of the payment plans under installment agreements. Provision for long-term employee benefits requires the obligation to pay the employee when resigning or retiring in conformity with law and regulations.

Details On Each Obligation, Disclosed on Financial Statements As following:

Type of Obligation	Details according Notes to Financial Statements, Amount, Payment Period shown on each obligation	
Long-term liabilities commitments	Note 22	Provision for long-term employee benefits
	Note 20	Long-term loans
Obligation of finance lease agreement	Note 21	Liabilities under finance lease agreement
Operating lease commitments	Note 32.2	Operating lease commitments
Commitment of purchase	Note 32.3	Commitment to purchase raw materials
Other liabilities' obligations	Note 32.1	Capital commitments

6. FACTORS AND INFLUENCES THAT MAY AFFECT THE OPERATIONS OR FINANCIAL POSITION IN THE FUTURE.

Currently, the main business of the Company is investments. Therefore, the main income came from both local and overseas investments dividends. The main factors and influences that may affect the operations or financial position in the future are:

- (1) The investments' return may not be as expected, based on many factors. Those that caused loss or below-expected profit are:

- Both domestic and international economy. In the year 2014 continuing to 2015, Thailand has experienced an economic slowdown. There has been a decrease in many industries' sales, resulting in the decreasing of parts sales such as plastic parts for car assembly. The financial situation in Europe still has not recovered causing the decreasing export of woven products group. Consequently, its sale volume was down and the selling price could not be adjusted. This factor has had an impact on the Company's operations.
 - The increasing wage rate in Thailand drives the cost higher than our competitors', resulting in less profit. Adjusting the price of products is difficult, therefore the gross profit will decrease.
 - The change of calculating profit method, according to the new accounting standards, will be derived by the power plant in Thailand that the Company has invested in. Regarding service concessions and interpretation of lease contract, this may result in different unrealized gains according to the company's existing investment plan. If recalculation under the new regulation is needed, it may cause less profit. Hence, less dividend.
- (2) The expansion of new business in 2014. The Company acquired a new hotel business in its group, adding Baht 200 million more to the capital expenditure. In order to maintain and improve the good physical guestrooms of a 5-star-hotel and to stay competitive in the business, at the beginning, the expense of higher depreciation is anticipated as well as its underperforming operation. It will require some time to yield in the form of dividends. Nevertheless, the administration regularly follows up its operating performance and searches for ways to increase the income.

7. ADDITIONAL INFORMATION OF THE TRANSLATION ADJUSTMENTS

The Company has prepared the consolidated financial statements of the overseas company using foreign currency converted to baht. The table below shows the exchange rates used in consolidated financial statements in the past 3 years.

Currency	The Exchange rate used in					
	Balance Sheet			Profit and Loss Statements		
	2014	2013	2012	2014	2013	2012
RMB	5.285300	5.394000	4.901800	5.294563	5.219413	4.902213
HKD	4.243600	4.223200	3.942800	4.203750	4.099575	3.954050
TWD	1.037950	1.093950	1.054900	1.058238	1.074288	1.053050

The auditor has verified the Company's financial statements and expressed no conditions.

RELATED TRANSACTIONS

1. CHARACTERISTICS OF RELATED TRANSACTIONS

Related transactions are regarded as a normal business practice of companies, with general trading conditions, and no unusual transactions or improper pricing. Most of the transactions are conducted in the form of trade, related creditors and debtors, loans and borrowings among groups of companies for the purpose of maximum benefits in terms of financial management, by charging interests at the referenced rates of a large domestic commercial bank, based on business type.

The companies' policy on related transactions between parties, who may have conflicts of interests, focuses on necessity and a certain logic of such transactions. These transactions usually take form of normal trading related to business operation, including related trading of goods or borrowings among companies. Sales price and remuneration are calculated according to the market rate. To give an example, in case of interest charge, the companies adopt the market rate by the time such transactions are conducted. Thus, the return shall be the same as the rate charged in the market.

Since related transactions are commercially customary or unexceptional, it is not necessary to get opinions from outside directors or independent experts on the related transaction.

In the past year, as the Company did not have any information about securities offerings or its persuasive draft, no opinions from outside directors on the compliance with these obligations were needed. Meanwhile, in the same year, all transactions with related parties were disclosed through an electronic channel of the Stock Exchange of Thailand.

2. NECESSITY AND LOGIC OF RELATED TRANSACTIONS

In the previous years, the Company took charge of marketing, by acting as a product distributor for all of its manufacturing companies, allowing transactions of goods purchase/sale, related creditors/debtors, and related interest received/paid. But later, due to changing situation of competitions in the market, the Company had to adjust for more lucrative business movement. In 2007, the Company decided to put its marketing service in related companies, resulting in a sharp drop in trading transactions. Meanwhile, the movement of interest received/paid has remained. This is because the associated companies have been supported by the Company, in terms of financial management, enabling effectiveness and maximum benefits. In conclusion, related transactions conduction has been a necessary and logical thing.

3. APPROVAL PROCEDURES OF RELATED TRANSACTIONS

The approval procedures of related transactions are followed in the same way as with external customers practicing a normal business. The Board of Directors used to approve, in principle, the related transactions as a normal business. Regarding the follow-up of payments, the due date of each transaction was specified and controlled; however, the approval of each transaction was in conformity with rules and regulations of the Stock Exchange of Thailand (SET) and with the Office of the Securities and Exchange Commission (SEC).

4. POLICY AND FUTURE TRENDS IN RELATED TRANSACTIONS

With regard to policies on related transactions, the Company seeks to treat fairly all related parties, with the aim of maximizing benefits, to comply with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC), and to disclose sufficiently essential information.

As from 2007 onwards, the trends of business transactions between the group companies would decline because most of the previous transactions involved normal business practice; for examples, trading of goods, creditors/debtors transactions as indicated earlier. However, the Company has its policy to restructure the channel of goods distribution and related management of the group companies. It means that these manufacturing companies became themselves distributors, to ensure smooth running and capabilities of alteration in decision making on the priorities of manufacturing or pricing in relation to the rapidly changing situation, allowing its competitiveness in the industrial market as well as its long-term growth. Therefore, normal transactions tend to drop, except some items of goods under contracts previously signed. Meanwhile, transactions of deposit and borrowing between the group companies remain unchanged because they have insisted on their effective financial management.

Related transactions in 2014 are shown on page 98-99.

RELATED TRANSACTIONS OF SAHA-UNION PUBLIC COMPANY LIMITED AND PARTIES POSSIBLY IN CONFLICT IN 2014

Party's Name	Type of Relationship	Related Transaction			
		Type of Transaction	Amount (Million Baht)	Pricing Policy	Necessity
1 Union Thread Industries Co., Ltd.	One of 10 major related shareholders	1. Dividend Income/Payment	68.66	From resolution of the Shareholders' Meeting	In the ordinary course of business should have return on investment.
2 Union Business Management Co., Ltd.	One of 10 major related shareholders	1. Dividend Income/Payment	45.15	From resolution of the Shareholders' Meeting	In the ordinary course of business should have return on investment.
3 Union Capital Co., Ltd.	One of 10 major related shareholders	1. Dividend Income/Payment	40.32	From resolution of the Shareholders' Meeting	In the ordinary course of business should have return on investment.
4 Union Industries Corp., Ltd.	One of 10 major related shareholders	1. Dividend Income/Payment	42.70	From resolution of the Shareholders' Meeting	Return on investment.
5 Uni-Fibre Co., Ltd.	One of 10 major related shareholders	1. Deposits 2. Interest Receivables/ Payables 3. Dividend Income/Payment 4. Services Income 5. Interest Income/Expenses	58.29 0.20 27.10 0.01 0.46	Outstanding balance as of 31 December 2014 Outstanding balance as of 31 December 2014 From resolution of the Shareholders' Meeting Contract price Referred to types and rates of a major commercial bank	The Companies in the Group had their surplus liquidity and deposited the money with the Company for effective financial management. In business transactions should have return on investment.
6 Union Multi-Capital Co., Ltd.	Major shareholder holding more than 30% of shares	1. Dividend Income/Payment	12.16	From resolution of the Shareholders' Meeting	In the ordinary course of business should have return on investment.
7 Venus Thread Co., Ltd.	Major shareholder holding more than 30% of shares	1. Purchases/Sales of Merchandise 2. Rental Income 3. Account Receivables/ Payables	30.87 0.04 8.27	Comparable with market price Contract price Outstanding balance as of 31 December 2014	The purchasing of raw material should be made in large quantity to generate more bargaining power.
8 Union Spinning Mills Co., Ltd.	Major shareholder holding more than 30% of shares	1. Purchases/Sales of Merchandise 2. Rental Income/Expenses 3. Account Receivables/ Payables	1.43 0.13 0.05	Comparable with market price Contract price Outstanding balance as of 31 December 2014	The purchasing of raw material should be made in large quantity to generate more bargaining power.
9 Union Zip Co., Ltd.	Major shareholder holding more than 30% of shares	1. Purchases/Sales of Merchandise 2. Account Receivables/ Payables	8.38 0.06	Comparable with market price Outstanding balance as of 31 December 2014	The purchasing of raw material should be made in large quantity to generate more bargaining power.



Party's Name	Type of Relationship	Related Transaction			
		Type of Transaction	Amount (Million Baht)	Pricing Policy	Necessity
10 Uni-Agro Co., Ltd.	Major shareholder holding more than 30% of shares	1. Dividend Income/Payment	0.60	From resolution of the Shareholders' Meeting	In the ordinary course of business should have return on investment.
11 Union Shoes Co., Ltd.	Major shareholder holding more than 30% of shares	1. Deposits	33.33	Outstanding balance as of 31 December 2014	The Companies in the Group had their surplus liquidity and deposited the money with the Company for effective financial management.
		2. Interest Receivables/ Payables	0.07	Outstanding balance as of 31 December 2014	
		3. Interest Income/Expenses	0.48	Referred to types and rates of a major commercial bank	
12 Union Textile Industries Public Company Limited	Major shareholder	1. Purchases/Sales of Merchandise	342.58	Comparable with market price	The purchasing of raw material should be made in large quantity to generate more bargaining power.
		2. Dividend Income/Payment	2.00	From resolution of the Shareholders' Meeting	
		3. Account Receivables/ Payables	44.84	Outstanding balance as of 31 December 2014	
13 Thai Rubber Enterprise Co., Ltd.	Major shareholder	1. Dividend Income/Payment	3.73	From resolution of the Shareholders' Meeting	To develop and make use of its vacant plots of land by rental of property for rubber plantation.
		2. Rental Income/Expenses	1.49	Contract price	
		3. Account Receivables/ Payables	9.10	Outstanding balance as of 31 December 2014	
		4. Income/Other expenses	0.02	Contract price	
14 Union Pioneer Public Company Limited	Major shareholder	1. Purchases/Sales of Merchandise	7.95	Comparable with market price	The purchasing of raw material should be made in large quantity to generate more bargaining power and in the ordinary course of business should have return on investment.
		2. Dividend Income/Payment	10.28	From resolution of the Shareholders' Meeting	
		3. Rental Income/Expenses	3.31	Contract price	
		4. Account Receivables/ Payables	0.55	Outstanding balance as of 31 December 2014	
15 Union Button Corp., Ltd.	Directors and related person holding more than 10% of shares	1. Rental Income/Expenses	0.01	Contract price	In the ordinary course of business should have return on investment.
		2. Dividend Income/Payment	2.95	From resolution of the Shareholders' Meeting	
16 Venus Shoes Co., Ltd.	Major shareholder	1. Deposits	7.50	Outstanding balance as of 31 December 2014	The Companies in the Group had their surplus liquidity and deposited the money with the Company for effective financial management.
		2. Interest Income/Expenses	0.13	Referred to types and rates of a major commercial bank	
		3. Income/Other expenses	0.69	Contract price	
		4. Rental Income/Expenses	0.42	Contract price	
		5. Interest Receivables/ Payables	0.07	Outstanding balance as of 31 December 2014	
		6. Account Receivables/ Payables	0.04	Outstanding balance as of 31 December 2014	
Total amount of related transaction in 2014			816.42		



AUDIT COMMITTEE'S REPORT

To Shareholders,

The Audit Committee is comprised of three independent directors, namely Emeritus Professor Dr. Achara Chandrachai as Chairman, Miss Pakinee Prertitumrong and Mr. Chivin Chaipanich. In the year 2014, five meetings were organized and attended by all members of the Audit Committee as below.

	Number of Attendances
• Emeritus Professor Dr. Achara Chandrachai	5
• Miss Pakinee Prertitumrong	5
• Mr. Chivin Chaipanich	5

Participated in the meetings were the Company's Executives, internal auditors, a lawyer and external auditors. The performance of the Audit Committee can be summarized as follow:

1. REVIEW OF FINANCIAL REPORTS.

The Audit Committee and the Company's Executives reviewed the quarterly and yearly financial statements of the year 2014 audited by the external auditor on the accounting policies and including some important changes during a year, the integrity and reliability of the financial reports and the prompt adequacy of information disclosure, to assure the Company's compliance with accounting standards and the regulations concerned prior to the financial statements' approval for the beneficial of investor and the other users. Moreover, the Committee held a meeting, in absence of the Company's Executives, to discuss the observations and opinions independently with the external auditor and welcome his comments.

2. REVIEW OF CORPORATE GOVERNANCE.

The Audit Committee oversaw the Company's rules and regulations, without any legal violations.

3. REVIEW OF RISK MANAGEMENT.

The Audit Committee held a meeting with the Risk Management Committee with their remarks destined for the Risk Management Committee. The Committee confirmed the efficiency and suitability of risk management of the company.

4. REVIEW OF INTERNAL CONTROL AND INTERNAL AUDIT.

The Audit Committee examined, approved the yearly audit plan and assessed adequacy and suitability of internal control process of the Company. Furthermore, some useful suggestions were made for the purpose of improving efficiency of internal audit system.

5. REVIEW OF RELATED TRANSACTIONS.

The Audit Committee reviewed, commented on related transactions or transactions with possible conflicts of interests and disclosed a complete and adequate report of the transactions in compliance with the regulations and requirements set forth by the Stock Exchange of Thailand, considering the Company's benefits.

6. SELF-ASSESSMENT.

The Audit Committee conducted individually a self-assessment of persons concerned according to the Charter of the Audit Committee and the best practice guidelines of the Stock Exchange of Thailand. The finding indicated very good quality.

7. NOMINATION OF EXTERNAL AUDITOR.

The Audit Committee decided on qualifications of external auditor and his proposed remuneration. Then, the Committee suggested its nomination to the Board of Directors who presented to the statutory shareholder meeting.

In conclusion, the Audit Committee emphasized on the importance of internal control for the sake of the Company's good corporate governance, efficient internal control process, including its compliance with the law and regulations related to business operation.

On behalf of the Audit Committee

(Emeritus Professor Dr. Achara Chandrachai)

Chairman of the Audit Committee

Saha-Union Public Company Limited

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT AS OF 31 DECEMBER 2014

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and other financial information as appeared in the Annual Report. Such financial statements are prepared in accordance with generally accepted accounting standards and consistently using appropriate accounting policies. Careful consideration and best estimation are applied in the preparation and important information is fully disclosed in the notes to such financial statements which are adjusted in accordance with the new accounting standards effective on 1 January 2007. According to investment is the Company's major business, therefore, the consolidated financial statements is comprised of its subsidiaries and associates' information. In the separated financial statements, investment accounts are recorded on cost method as if this method were used at the beginning. In the consolidated financial statements, gains and losses from investments are recognized on equity method. In addition, the Company is prepared to accommodate new accounting standards applicable to companies in the group which has been effective since 2 January 2011 and also the new accounting standards that became effective in 2014. The financial statements of the Company are audited and given an unqualified audit opinion by the Auditors.

The Board of Directors has maintained proper and effective internal control system to ensure reasonably that accounting records are correct, complete, and sufficient to safeguard Company's assets and to ascertain any weaknesses so as to prevent fraud or material irregularities.

Hence, the Board of Directors has appointed the Audit Committee comprising Independent Directors who are Non-Executive Directors to be responsible for the quality of the financial reports and the internal control system. Opinions of the Audit Committee on these matters are disclosed in the Report from the Audit Committee as appeared in the Annual Report on page 100.

The Board of Directors is of the opinion that the Company's overall internal control system is satisfactory to ensure reasonably the credibility of the financial statements of the Company and its subsidiaries as of 31 December 2014.

On behalf of the Board of Directors



(Miss Sriwarin Jirapakkana)

Chairman



(Miss Dalad Saphavichai)

President

26 February 2014

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAHA-UNION PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated financial statements of Saha-Union Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Saha-Union Public Company Limited for the same period.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saha-Union Public Company Limited and its subsidiaries, and of Saha-Union Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

EMPHASIS OF MATTER

I draw attention to Note 1.2 to the financial statements regarding The Royal Hotel Company Limited (a subsidiary), which acquired the business of The Hilton Hua Hin Resort and Spa Hotel from a non-related party on 12 June 2014. The Royal Hotel Company Limited has assessed the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date, with the assessment process mainly involving the identification and valuation of intangible assets and certain tangible assets. The assessment was completed in the fourth quarter of 2014, which was within the period of twelve months from the acquisition date allowed by Thai Financial Reporting Standard 3 (revised 2012) Business Combinations. The value assessed is not materially different from the amount initially recognised at the acquisition date. My conclusion is not qualified in respect of this matter.

Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

EY Office Limited

Bangkok: 26 February 2015

STATEMENT OF FINANCIAL POSITION

Saha-Union Public Company Limited and its subsidiaries

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Assets					
Current assets					
Cash and cash equivalents	6	2,871,097,862	5,585,749,063	664,736,632	3,247,887,949
Current investments	7	569,656,235	626,046,574	-	-
Trade and other receivables	9	1,885,334,646	1,812,249,600	202,482,834	207,565,846
Inventories	10	1,077,337,778	1,294,465,640	21,314,893	46,141,742
Short-term loans to related parties	8	6,606,625	318,246,000	211,737,000	303,256,000
Other current assets		14,692,252	23,637,735	1,138,959	1,876,165
Total current assets		6,424,725,398	9,660,394,612	1,101,410,318	3,806,727,702
Non-current assets					
Restricted investments	11	19,193,597	27,794,820	-	-
Investments in subsidiaries	12	-	-	8,704,483,065	5,957,906,509
Investments in associates	13	5,487,649,104	5,328,834,365	2,061,120,047	2,056,305,814
Other long-term investments	14	1,865,728,453	1,963,048,477	1,675,870,247	1,796,655,458
Investment properties	15	1,858,109,053	1,228,180,691	1,168,775,182	576,634,242
Property, plant and equipment	16	5,716,273,116	3,039,516,434	49,750,015	55,230,118
Goodwill	1.2	521,724,374	-	-	-
Intangible assets - computer software		1,264,943	2,177,046	-	-
Deferred tax assets	27	100,236,108	104,512,826	2,019,753	7,478,804
Other non-current assets	17	141,963,174	120,065,727	3,854,075	4,955,707
Total non-current assets		15,712,141,922	11,814,130,386	13,665,872,384	10,455,166,652
Total assets		22,136,867,320	21,474,524,998	14,767,282,702	14,261,894,354

The accompanying notes are an integral part of the financial statements.



STATEMENT OF FINANCIAL POSITION (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	18	344,560,639	90,535,234	-	-
Trust receipts		11,203,995	40,112,027	6,417,228	36,216,819
Trade and other payables	19	1,299,056,214	1,470,078,645	77,158,538	123,910,873
Current portion of long-term loans	20	177,200,000	233,350,000	-	-
Current portion of liabilities under finance lease agreements	21	62,614,580	73,455,202	-	-
Deposits from related parties	8	58,289,788	12,198,451	835,966,213	900,334,012
Income tax payable		21,805,456	39,437,572	-	-
Other current liabilities		79,551,006	56,906,994	947,565	578,333
Total current liabilities		2,054,281,678	2,016,074,125	920,489,544	1,061,040,037
Non-current liabilities					
Long-term loans, net of current portion	20	360,600,000	197,800,000	-	-
Liabilities under finance lease agreements, net of current portion	21	40,133,591	69,067,038	-	-
Provision for long-term employee benefits	22	258,794,054	253,233,968	14,681,270	17,126,281
Deferred tax liabilities	27	98,392,867	80,939,993	88,554,287	74,983,754
Other non-current liabilities		11,700,845	10,257,018	-	-
Total non-current liabilities		769,621,357	611,298,017	103,235,557	92,110,035
Total liabilities		2,823,903,035	2,627,372,142	1,023,725,101	1,153,150,072

The accompanying notes are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Shareholders' equity					
Share capital					
Registered					
300,000,000 ordinary shares of Baht 10 each		3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Issued and fully paid					
300,000,000 ordinary shares of Baht 10 each		3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Share premium		2,599,000,000	2,599,000,000	2,599,000,000	2,599,000,000
Retained earnings					
Appropriated					
Statutory reserve	24	992,839,445	1,041,417,539	750,000,000	750,000,000
Other reserve		164,829,966	125,874,452	-	-
Unappropriated		10,488,897,118	10,055,978,781	7,065,607,935	6,459,809,268
Other components of shareholders' equity		537,347,149	563,179,119	328,949,666	299,935,014
Equity attributable to owners of the Company		17,782,913,678	17,385,449,891	13,743,557,601	13,108,744,282
Non-controlling interests of the subsidiaries		1,530,050,607	1,461,702,965	-	-
Total shareholders' equity		19,312,964,285	18,847,152,856	13,743,557,601	13,108,744,282
Total liabilities and shareholders' equity		22,136,867,320	21,474,524,998	14,767,282,702	14,261,894,354

The accompanying notes are an integral part of the financial statements.



INCOME STATEMENT

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Revenues					
Sales and service income	29	9,685,839,832	9,418,153,487	1,283,748,033	1,137,084,877
Dividend income		230,164,137	239,516,842	1,309,275,437	735,462,791
Rental income		42,911,184	162,792,041	18,158,985	141,938,140
Interest income		54,251,051	134,660,015	38,668,743	77,415,682
Gains on disposals of investments and dissolution of a subsidiary	12, 25	93,523,334	139,703,519	51,806,851	284,209,411
Benefit from investments in associates held for sale	25	-	-	-	600,316,609
Unrealised gains from revaluation of trading securities		28,972,236	2,230,098	-	-
Gains on disposals of investment properties		40,206,040	4,120,856	34,155,227	4,120,856
Other income		260,551,470	359,856,572	25,097,505	84,492,320
Total revenues		10,436,419,284	10,461,033,430	2,760,910,781	3,065,040,686
Expenses					
Cost of sales and services		8,466,397,915	8,280,602,849	1,265,465,141	1,117,257,201
Selling expenses		277,958,375	272,887,512	9,914,420	9,328,278
Administrative expenses		680,749,085	753,586,587	121,035,781	211,062,240
Losses on inventory write-off	1.2	33,565,771	-	-	-
Losses on property, plant and equipment write-off	1.2	20,717,234	2,330,094	-	-
Expenses of withholding tax write-off		35,067,073	119,887,842	35,067,073	119,887,842
Losses on impairment of property, plant and equipment		-	4,410,991	-	4,410,991
Losses on impairment of investment properties	15	-	51,833,803	-	51,833,803
Losses on impairment of investments	12, 13	50,406	40,945	105,017,373	-
Total expenses		9,514,505,859	9,485,580,623	1,536,499,788	1,513,780,355
Profit before share of profit from investments in associates, finance cost and income tax expenses		921,913,425	975,452,807	1,224,410,993	1,551,260,331
Share of profit from investments in associates	13	389,520,246	374,440,427	-	-
Profit before finance cost and income tax expenses		1,311,433,671	1,349,893,234	1,224,410,993	1,551,260,331
Finance cost		(35,688,152)	(62,416,100)	(5,929,622)	(12,158,758)
Profit before income tax expenses		1,275,745,519	1,287,477,134	1,218,481,371	1,539,101,573
Income tax expenses	27	(121,805,371)	(204,949,359)	(12,682,704)	(89,331,829)
Profit for the year		1,153,940,148	1,082,527,775	1,205,798,667	1,449,769,744
Profit attributable to:					
Equity holders of the Company		1,003,250,369	938,533,617	1,205,798,667	1,449,769,744
Non-controlling interests of the subsidiaries		150,689,779	143,994,158		
		1,153,940,148	1,082,527,775		
Basic earnings per share (Baht)	28				
Profit attributable to equity holders of the Company		3.46	3.24	4.02	4.83

The accompanying notes are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit for the year		1,153,940,148	1,082,527,775	1,205,798,667	1,449,769,744
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		(106,144,752)	839,152,705	-	-
Gains (losses) on change in value of available-for-sale investments	14	61,803,023	(167,677,826)	36,268,315	(144,405,138)
Income tax effect	27	(12,341,221)	34,880,600	(7,253,663)	28,881,028
Other comprehensive income for the year		(56,682,950)	706,355,479	29,014,652	(115,524,110)
Total comprehensive income for the year		1,097,257,198	1,788,883,254	1,234,813,319	1,334,245,634
Total comprehensive income attributable to:					
Equity holders of the Company		949,395,832	1,634,234,765	1,234,813,319	1,334,245,634
Non-controlling interests of the subsidiaries		147,861,366	154,648,489		
		1,097,257,198	1,788,883,254		

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements												
	Equity attributable to owners of the Company											Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Issued and paid-up share capital	Share premium	Retained earnings			Other components of equity				Total equity attributable to owners of the Company			
						other comprehensive income		other change by the owners			Total other components of shareholders' equity		
			Appropriated - statutory reserve	Appropriated - other reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Surplus on changes in value of available -for-sale investments	The Company's shares held by the subsidiaries (Note 23)	Deficit on investment in subsidiary arising as a result of acquisition of additional shares at a price over than the net book value at the acquisition date				
Balance as at 1 January 2013	3,000,000,000	2,599,000,000	1,035,837,837	282,929,805	9,417,235,933	(324,190,848)	454,095,796	(234,404,410)	(28,022,567)	(132,522,029)	16,202,481,546	1,446,929,549	17,649,411,095
Profit for the year	-	-	-	-	938,533,617	-	-	-	-	-	938,533,617	143,994,158	1,082,527,775
Other comprehensive income for the year	-	-	-	-	-	829,988,168	(134,287,020)	-	-	695,701,148	695,701,148	10,654,331	706,355,479
Total comprehensive income for the year	-	-	-	-	938,533,617	829,988,168	(134,287,020)	-	-	695,701,148	1,634,234,765	154,648,489	1,788,883,254
Decrease in other reserve	-	-	-	(16,300,461)	-	-	-	-	-	-	(16,300,461)	-	(16,300,461)
Increase in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	29,115,806	29,115,806
Dividend paid (Note 31)	-	-	-	-	(450,000,000)	-	-	-	-	-	(450,000,000)	(168,990,879)	(618,990,879)
Less: Dividend paid in respect of the Company's shares held by subsidiaries	-	-	-	-	15,034,041	-	-	-	-	-	15,034,041	-	15,034,041
Dividend paid - net	-	-	-	-	(434,965,959)	-	-	-	-	-	(434,965,959)	(168,990,879)	(603,956,838)
Unappropriated retained earnings transferred to statutory reserve	-	-	5,579,702	-	(5,579,702)	-	-	-	-	-	-	-	-
Reversed other reserve to unappropriated retained earnings	-	-	-	(140,754,892)	140,754,892	-	-	-	-	-	-	-	-
Balance as at 31 December 2013	3,000,000,000	2,599,000,000	1,041,417,539	125,874,452	10,055,978,781	505,797,320	319,808,776	(234,404,410)	(28,022,567)	563,179,119	17,385,449,891	1,461,702,965	18,847,152,856
Balance as at 1 January 2014	3,000,000,000	2,599,000,000	1,041,417,539	125,874,452	10,055,978,781	505,797,320	319,808,776	(234,404,410)	(28,022,567)	563,179,119	17,385,449,891	1,461,702,965	18,847,152,856
Profit for the year	-	-	-	-	1,003,250,369	-	-	-	-	-	1,003,250,369	150,689,779	1,153,940,148
Other comprehensive income for the year	-	-	-	-	-	(103,288,344)	49,433,807	-	-	(53,854,537)	(53,854,537)	(2,828,413)	(56,682,950)
Total comprehensive income for the year	-	-	-	-	1,003,250,369	(103,288,344)	49,433,807	-	-	(53,854,537)	949,395,832	147,861,366	1,097,257,198
Decrease in deficit on investment in subsidiary arising as a result of acquisition of additional shares at a price over than the net book value at the acquisition date because of the dissolution of the subsidiary (Note 12)	-	-	-	-	-	-	-	-	28,022,567	28,022,567	28,022,567	(28,022,567)	-
Increase in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	120,164,658	120,164,658
Dividend paid (Note 31)	-	-	-	-	(600,000,000)	-	-	-	-	-	(600,000,000)	(171,655,815)	(771,655,815)
Less: Dividend paid in respect of the Company's shares held by subsidiaries	-	-	-	-	20,045,388	-	-	-	-	-	20,045,388	-	20,045,388
Dividend paid - net	-	-	-	-	(579,954,612)	-	-	-	-	-	(579,954,612)	(171,655,815)	(751,610,427)
Reversed statutory reserve to unappropriated retained earnings	-	-	(48,578,094)	-	48,578,094	-	-	-	-	-	-	-	-
Unappropriated retained earnings transferred to other reserve	-	-	-	38,955,514	(38,955,514)	-	-	-	-	-	-	-	-
Balance as at 31 December 2014	3,000,000,000	2,599,000,000	992,839,445	164,829,966	10,488,897,118	402,508,976	369,242,583	(234,404,410)	-	537,347,149	17,782,913,678	1,530,050,607	19,312,964,285

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income	
					Surplus on change in value of available-for-sale investments	
Balance as at 1 January 2013	3,000,000,000	2,599,000,000	750,000,000	5,460,039,524	415,459,124	12,224,498,648
Profit for the year	-	-	-	1,449,769,744	-	1,449,769,744
Other comprehensive income for the year	-	-	-	-	(115,524,110)	(115,524,110)
Total comprehensive income for the year	-	-	-	1,449,769,744	(115,524,110)	1,334,245,634
Dividend paid (Note 31)	-	-	-	(450,000,000)	-	(450,000,000)
Balance as at 31 December 2013	3,000,000,000	2,599,000,000	750,000,000	6,459,809,268	299,935,014	13,108,744,282
Balance as at 1 January 2014	3,000,000,000	2,599,000,000	750,000,000	6,459,809,268	299,935,014	13,108,744,282
Profit for the year	-	-	-	1,205,798,667	-	1,205,798,667
Other comprehensive income for the year	-	-	-	-	29,014,652	29,014,652
Total comprehensive income for the year	-	-	-	1,205,798,667	29,014,652	1,234,813,319
Dividend paid (Note 31)	-	-	-	(600,000,000)	-	(600,000,000)
Balance as at 31 December 2014	3,000,000,000	2,599,000,000	750,000,000	7,065,607,935	328,949,666	13,743,557,601

The accompanying notes are an integral part of the financial statements.





CASH FLOW STATEMENT

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before tax	1,275,745,519	1,287,477,134	1,218,481,371	1,539,101,573
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	655,230,036	690,679,561	19,332,786	81,960,245
Allowance for doubtful accounts (reversal)	(7,743,558)	42,360,637	-	102,000
Reduction of cost of inventories to net realisable value (reversal)	17,753,479	(3,870,890)	-	-
Losses on inventory write-off	33,565,771	-	-	-
Gains on disposals of property, plant and equipment	(8,075,244)	(4,169,911)	(5,743,256)	(1,577,592)
Losses on property, plant and equipment write-off	20,717,234	2,330,094	-	-
Losses on impairment of property, plant and equipment	-	4,410,991	-	4,410,991
Gains on disposals of investment properties	(40,206,040)	(4,120,856)	(34,155,227)	(4,120,856)
Losses on impairment of investment properties	-	51,833,803	-	51,833,803
Recognition of deferred income from use of plants	-	(47,444,566)	-	-
Losses on impairment of investments	50,406	40,945	105,017,373	-
Expenses of withholding tax write-off	35,067,073	119,887,842	35,067,073	119,887,842
Unrealised gains from revaluation of trading securities	(28,972,236)	(2,230,098)	-	-
Share of profit from investments in associates	(389,520,246)	(374,440,427)	-	-
Gains on disposals of investments and dissolution of a subsidiary	(93,523,334)	(139,703,519)	(51,806,851)	(284,209,411)
Unrealised losses (gains) on exchange	(16,917,730)	10,240,470	(1,673,871)	2,352,687
Dividend received from investments	(230,164,137)	(239,516,842)	(1,309,275,437)	(735,462,791)
Benefit from investments in associates held for sale	-	-	-	(600,316,609)
Provision for long-term employee benefits (reversal)	30,024,610	47,331,073	4,058,891	(472,644)
Interest income	(54,251,051)	(134,660,015)	(38,668,743)	(77,415,682)
Interest expenses	29,944,252	57,631,018	5,507,270	11,840,910
Profit (loss) from operating activities before changes in operating assets and liabilities	1,228,724,804	1,364,066,444	(53,858,621)	107,914,466
Operating assets (increase) decrease				
Trade and other receivables	(92,667,254)	(360,182,960)	4,708,200	(46,229,440)
Inventories	165,808,612	15,959,534	24,826,849	(46,132,948)
Other current assets	8,945,483	(7,663,530)	737,206	(851,710)
Other non-current assets	(20,310,046)	(33,143,608)	334,915	113,089
Operating liabilities increase (decrease)				
Trade and other payables	(202,265,726)	220,887,271	(45,592,467)	52,998,624
Other current liabilities	25,928,832	5,728,686	369,231	-
Other non-current liabilities	(23,242,774)	(16,793,444)	(6,503,901)	(201,247)
Cash from (used in) operating activities	1,090,921,931	1,188,858,393	(74,978,588)	67,610,834
Cash paid for interest	(29,835,529)	(58,269,359)	(6,667,139)	(11,840,014)
Cash paid for income tax	(193,880,016)	(288,707,594)	(36,321,717)	(127,593,737)
Cash refund from income tax	17,998,769	48,486,125	-	28,417,816
Net cash from (used in) operating activities	885,205,155	890,367,565	(117,967,444)	(43,405,101)

The accompanying notes are an integral part of the financial statements.



CASH FLOW STATEMENT (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities				
Decrease (increase) in short-term loans to related parties	311,503,500	(169,977,500)	91,519,000	3,671,000
Increase in current investments	(6,249,073,537)	(2,544,594,716)	-	-
Acquisition of investments	(150,857,466)	(384,049,254)	(2,986,797,898)	(724,506,230)
Proceeds from disposals of property, plant and equipment	14,577,172	6,668,384	8,604,620	2,823,752
Proceeds from disposals of investment properties	54,328,861	9,603,377	35,469,551	9,603,377
Cash receipt from disposals of investments	6,597,967,389	4,725,913,047	179,922,881	1,683,633,569
Cash receipt from dissolution of investment in a subsidiary	170,661,820	-	159,327,233	-
Dividend received from investments	533,427,821	548,447,508	1,309,275,437	735,462,792
Benefit from investments in associates held for sale	-	-	-	600,316,609
Interest income	56,140,176	132,199,462	39,686,693	76,536,941
Goodwill from business acquisition	(521,724,374)	-	-	-
Acquisition of investment properties	(639,389,352)	(223,910,924)	(600,000,000)	(831,454)
Acquisition of property, plant and equipment	(3,307,149,185)	(325,763,415)	(9,077,829)	(6,713,886)
Net cash from (used in) investing activities	(3,129,587,175)	1,774,535,969	(1,772,070,312)	2,379,996,470
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	254,025,405	(83,169,431)	-	-
Increase (decrease) in trust receipts	(27,226,051)	15,197,783	(28,745,762)	11,350,467
Increase (decrease) in deposits from related parties	46,091,337	(25,128,638)	(64,367,799)	153,163,240
Share capital receipt from non-controlling interests of the subsidiaries	167,232,004	-	-	-
Dividend paid	(751,610,427)	(603,956,838)	(600,000,000)	(450,000,000)
Cash receipt from long-term loans	340,000,000	-	-	-
Repayment of long-term loans	(233,350,000)	(2,202,819,000)	-	-
Cash paid for liabilities under finance lease agreements	(78,677,745)	(76,986,189)	-	-
Net cash used in financing activities	(283,515,477)	(2,976,862,313)	(693,113,561)	(285,486,293)
Increase (decrease) in translation adjustments	(186,753,704)	181,721,328	-	-
Net increase (decrease) in cash and cash equivalents	(2,714,651,201)	(130,237,451)	(2,583,151,317)	2,051,105,076
Cash and cash equivalents at beginning of year	5,585,749,063	5,715,986,514	3,247,887,949	1,196,782,873
Cash and cash equivalents at end of year	2,871,097,862	5,585,749,063	664,736,632	3,247,887,949
Supplemental cash flows information				
Non-cash transaction				
Purchases of property, plant and equipment for which no cash has been paid	69,809,361	103,248,797	-	-

The accompanying notes are an integral part of the financial statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

1. GENERAL INFORMATION

1.1 CORPORATE INFORMATION

Saha-Union Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in investment, distribution of raw materials and products manufactured by group companies, and the rental of property and real estate. The registered address of the Company is at 1828 Sukhumvit Road, Bangchak, Phrakonong, Bangkok.

1.2 THE SIGNIFICANT INFORMATION OF SUBSIDIARIES

Union Technology (2008) Plc. ("Union Technology (2008)")

Union Technology (2008) registered its dissolution on 11 April 2014, in accordance with a resolution passed by the Annual General Meeting of Shareholders No. 21 on 20 March 2014. In December 2014, Union Technology (2008) completed the liquidation process. The Company received back its investment cost and had a gain on this dissolution amounting to Baht 39 million.

Union Zojirushi Co., Ltd. ("Union Zojirushi")

On 14 May 2014, there was fire in the vacuum stainless bottle factory building of Union Zojirushi which is located in Bangchan Industry Estate. As a result of this event, the factory building and vacuum stainless bottle inventory were damaged and production was temporarily ceased. The management of Union Zojirushi decided that the damage caused by this fire did not materially affect the financial statements since Union Zojirushi has insurance coverage for disaster risk. At present, an insurance company is in the process of estimating the compensation to be paid for fire damage and the amount of compensation to be received cannot be determined at this time. However, Union Zojirushi preliminary recorded losses incurred as a result of the fire damage in its accounts. For the consolidated financial statements, the Company presented those losses as separate items under the captions of "Losses on inventory write-off", amounting to Baht 34 million, and "Losses on property, plant and equipment write-off", amounting to Baht 14 million, in the consolidated income statement for the year ended 31 December 2014. Union Zojirushi and the Company will record the compensate from the insurance company as income when Union Zojirushi receipts it.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

The Royal Hotel Company Limited ("The Royal Hotel")

A resolution passed by the Board of Directors Meeting of the Company on 24 April 2014 approved the incorporation of a new subsidiary named "The Royal Hotel Company Limited", which is principally engaged in hotel business, with a registered share capital amounting to Baht 3,000 million. The Company's interest is 96.22 percent. The Royal Hotel registered its incorporation with the Department of Business Development, the Ministry of Commerce, on 2 May 2014.

Subsequently, the Company assigned The Royal Hotel to act as its representative to enter into an agreement to acquire the business of The Hilton Hua Hin Resort and Spa Hotel, which is located in Hua Hin District, Prachuap Khiri Khan Province, from a non-related party. The acquisition has a contract value of Baht 3,200 million, and consists of land, land improvement, buildings, building improvements, equipment, furniture and fixtures, utilities systems, motor vehicles and other related assets, as well as the transfer of all employees and related obligation, the hotel management agreement and significant hotel contracts of The Hilton Hua Hin Resort and Spa Hotel. As a result, The Royal Hotel was able to immediately operate the business and generate revenue as from the acquisition date (12 June 2014).

The Royal Hotel arranged for the assessment of the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. The assessment was completed in the fourth quarter of 2014, which was within the period of twelve months from the acquisition date allowed by Thai Financial Reporting Standard 3 (revised 2012) Business Combinations. The value assessed is not materially different from the amount initially recognised at the acquisition date.

The fair values of the acquired assets and liabilities of The Hilton Hua Hin Resort and Spa Hotel as at the acquisition date are summarised below.

	(Unit: Thousand Baht)
Land	1,639,000
Land improvement	11,940
Buildings	838,280
Building improvements	59,500
Equipment, furniture and fixtures and utilities systems	132,800
Motor vehicles	2,195
Deferred tax assets	1,360
Provision for long-term employee benefits	(6,799)
Net assets from business acquisition	2,678,276
Cash paid for business acquisition	3,200,000
Goodwill from business acquisition	521,724



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Goodwill from business acquisition of Baht 522 million consists of the business opportunity provided by the acquisition of a five star hotel ready to operate immediately from the acquisition date, as well as various physical features such as the hotel's location, the overall environment and the uniqueness of the building. These factors are viewed as significant distinctive point of the Royal Hotel when compares with the business competitors in Hua Hin.

2. BASIS OF PREPARATION

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 BASIS OF CONSOLIDATION

- a) The consolidated financial statements include the financial statements of Saha-Union Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2014 Percent	2013 Percent
<i>Textile business</i>				
Union Textile Industries Plc.	Manufacture and distribution of textiles	Thailand	51.42	51.42
Union Garment Co., Ltd.	Manufacture and distribution of garments	Thailand	99.99	99.99
<i>Plastic, rubber and metal business</i>				
Union Pioneer Plc.	Manufacture and distribution of elastic products	Thailand	52.71	52.71
Union Plastic Plc.	Contract manufacture of plastic products, manufacture and repair of molds	Thailand	49.69	49.69



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2014	2013
			Percent	Percent
Plastic, rubber and metal business (continued)				
Union Zojirushi Co., Ltd.	Manufacture and distribution of vacuum stainless bottles	Thailand	51.00	51.00
Union Stainless Steel Products Co., Ltd.	Manufacture and distribution of stainless steel kitchenware	Thailand	98.00	98.00
Union Rubber Products Corp., Ltd.	Manufacture and distribution of rubber products	Thailand	99.99	99.99
Thai Rubber Enterprise Co., Ltd.	Rubber estates	Thailand	50.69	50.69
Trading business				
Computer Union Co., Ltd.	Computer dealer	Thailand	97.55	98.15
Computer Union Systems Co., Ltd. (99.99 percent owned by Computer Union Co., Ltd.)	Computer dealer	Thailand	97.55	98.15
Energy business				
Jiashan-Union Cogeneration Co., Ltd.	Power generation	China	75.96	75.96
Hotel business				
The Royal Hotel Co., Ltd.	Hotel	Thailand	96.22	-
Investment and others business				
Saha-Union International Ltd.	Investment and other	Hong Kong	99.98	99.98
Saha-Union Investment (China) Co., Ltd.	Investment	China	100.00	100.00
Union Energy (Hong Kong) Co., Ltd. (100.00 percent owned by Saha-Union International Ltd.)	Investment	Hong Kong	99.98	99.98
Shanghai Dасы Co., Ltd. (100.00 percent owned by Saha-Union Investment (China) Co., Ltd.)	Sales and services	China	100.00	100.00
Saha-Union Holding Co., Ltd.	Investment	Thailand	99.54	99.54
Venus Shoes Co., Ltd.	Dormitory rental and services	Thailand	96.86	96.86
Union Printing Corp., Ltd.	Rental services	Thailand	94.74	94.74
Union Equity Co., Ltd.	Investment	Thailand	99.79	99.79
Union Technology Co., Ltd.	Investment	Thailand	99.99	99.99
Union Energy Co., Ltd.	Investment	Thailand	99.40	99.40
Union Energy (China) Co., Ltd.	Investment	Thailand	99.99	99.99
Texport International Corp., Ltd.	Investment	Thailand	85.20	85.20
Union Human Resources Development Co., Ltd.	Train and development skills	Thailand	99.99	99.99
Union Shoes Co., Ltd.	Rental services	Thailand	97.85	97.85



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

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Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2014	2013
			Percent	Percent
<i>Investment and others business (continued)</i>				
Union Construction Corp., Ltd.	Rental services	Thailand	99.68	99.68
Saha-Union Property Co., Ltd.	Investment	Thailand	99.99	99.99
Saha-Union Wealth Plus Co., Ltd.	Investment	Thailand	99.99	99.99
Union Nakhon Co., Ltd.	Real estate	Thailand	77.49	75.00
<i>Dissoluted group</i>				
Union Technology (2008) Plc.	-	Thailand	-	99.66

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests of the subsidiaries represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

3. NEW FINANCIAL REPORTING STANDARDS

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(A) FINANCIAL REPORTING STANDARDS THAT BECAME EFFECTIVE IN THE CURRENT ACCOUNTING YEAR

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(B) FINANCIAL REPORTING STANDARDS THAT WILL BECOME EFFECTIVE IN THE FUTURE

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company and its subsidiaries believe they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company and its subsidiaries immediately recognise actuarial gains and losses in profit or loss in the period in which they occur. The assessment of the management of the Company and its subsidiaries is that when the revised standard is applied in 2015 and the method of recognising those gains and losses is changed to immediately recognise them in other comprehensive income, there will be no impact to provision for long-term employee benefit liabilities and retained earnings in the financial statements.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when they are adopted.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity that meets the definition of a joint venture using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when they are adopted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 REVENUE RECOGNITION

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyers. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Revenues from hotel operations

Revenues from hotel operations, which are a part of service revenues, represent the invoiced value, excluding value added tax, of room rental, food and beverage sales, and other services, after deducting discounts and allowances, and adding service charges.

Dividends

Dividends are recognised when the right to receive the dividends is established.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Rental income

Rental income is recognised on an accrual basis based on the contract period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

4.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 INVENTORIES

Finished goods, semi products and work in process are valued at the lower of cost (under the first-in, first-out/ average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of cost (under the first-in, first-out/ average method) and net realisable value and are charged to production costs whenever consumed.

4.5 INVESTMENTS

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company and its subsidiaries classify as other investments, are stated at cost net of allowance for impairment loss.
- e) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method and net of allowance for impairment loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

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The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 INVESTMENT PROPERTIES

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment.

Depreciation of investment properties are calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	20 years
Land improvement and leasehold	-	5, 20 years
Facilities	-	5 years

Depreciation of investment properties of a company's branch that have been acquired before year 2011, is calculated by reference to their net book value on a double-declining basis, over the useful lives of 5-20 years.

Depreciation of investment properties is included in determining income.

No depreciation is provided on land and assets under construction which are classified as investment properties.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

4.7 PROPERTY, PLANT AND EQUIPMENT/DEPRECIATION

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	20 years
Land improvement and leasehold	-	5, 20 years
Machinery and equipment	-	3, 5, 10, 20 years
Molds	-	5 years
Facilities	-	5 years
Furniture and fixtures	-	3, 5, 10 years
Motor vehicles	-	5, 10 years
Computers	-	3, 5 years

Depreciation of plant and equipment of a company's branch acquired in the year 2001, is calculated by reference to its net book value on a double-declining basis, over the useful lives of 3-20 years.

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 INTANGIBLE ASSETS - COMPUTER SOFTWARE

Computer Software is recognised at cost. Following the initial recognition, Computer Software is carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Computer Software with finite lives, which has an estimated useful life of five years, is amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method of such computer software are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

4.9 GOODWILL

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the subsidiary's cash generating units that are expected to benefit from the synergies of the combination. The subsidiary estimates the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 RELATED PARTY TRANSACTIONS

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors, and officers with authority in the planning and direction of the Company and its subsidiaries' operations.

4.11 LONG-TERM LEASES

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the equipment and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

4.12 FOREIGN CURRENCIES

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

4.13 IMPAIRMENT OF ASSETS

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment, investment properties, investments and include intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The subsidiary also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

4.14 EMPLOYEE BENEFITS

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and resignation fund plan. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

Defined benefit liability (asset) is the present value of the defined benefit obligation less the fair value of plan assets which are available to pay the employee benefits obligation directly.

Plan assets are assets held by a long-term employee benefit fund. They are not available to the Company and its subsidiaries' creditors and cannot be returned to the Company and its subsidiaries, except the portion which reference to the provident fund's rules. The Company and its subsidiaries measures the fair value of plan assets by using market price and; in case that plan assets are debt instruments in active market, the Company and its subsidiaries measure them by using quoted price.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

4.15 PROVISIONS

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 INCOME TAX

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Overseas subsidiaries calculate corporate income tax in accordance with tax rates mandated under the tax law of those countries.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic conditions.

Allowance for diminution in value of inventory

In determining an allowance for diminution in value of inventory, the management makes judgements and estimates regarding the net realisable value of inventory. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period. Also, the management makes judgements and estimates regarding the expected loss from stock obsolescence based upon the aging profile of inventories and the prevailing economic conditions.

Impairment of investment in securities

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Property, plant and equipment, and investment properties/Depreciation

In determining depreciation of plant and equipment, and investment properties, the management is required to make estimates of the useful lives and residual values of those assets and to review estimate useful lives and residual values when there are any changes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

In addition, the management is required to review property, plant and equipment, and investment properties for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. CASH AND CASH EQUIVALENTS

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	3,076	1,404	108	143
Bank deposits	2,795,113	3,292,479	664,629	1,047,745
Short-term bonds	72,909	2,291,866	-	2,200,000
Total	2,871,098	5,585,749	664,737	3,247,888

As at 31 December 2014, bank deposits in saving accounts, fixed deposits and short-term bonds carried interests between 0.01 and 2.86 percent per annum (2013: between 0.01 and 2.56 percent per annum).



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

7. CURRENT INVESTMENTS

As at 31 December 2014 and 2013, the balances of subsidiaries' current investments are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements			
	2014		2013	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
Trading securities				
Overseas marketable equity securities	264,469	277,049	410,145	393,145
Less: Allowance for change in value of investments	12,133		(16,839)	
Translation adjustments	447		(161)	
Total trading securities - net	277,049		393,145	
Debt securities held to maturity - current portion				
Debt instruments of private sector	-		60,121	
Bonds	32,808		27,781	
Total debt securities held to maturity - current portion	32,808		87,902	
Fixed bank deposits with an original maturity within one year				
Fixed deposits of commercial bank	259,799		145,000	
Total fixed bank deposits with an original maturity within one year	259,799		145,000	
Current investments - net	569,656		626,047	

As at 31 December 2014, the fixed bank deposits with an original maturity within one year carried interests between 0.38 and 4.55 percent per annum (31 December 2013: between 2.75 and 3.40 percent per annum).

During the year 2014, the subsidiaries have gains on disposals of current investments amounting to Baht 80 million (2013: gains amounting to Baht 17 million) and have dividend income amounting to Baht 22 million (2013: Baht 9 million).



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

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8. RELATED PARTY TRANSACTIONS

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

Consolidated financial statements

(Unit: Million Baht)

	For the years ended		Pricing policy
	31 December		
	2014	2013	
<u>Transactions with associates</u>			
Sales of merchandise	150	185	Cost plus margin
Service income	7	2	Contract price
Rental income	10	14	Contract price
Purchases of merchandise	568	541	Resale price reduced by a margin
Lendings (weighted average from outstanding balances at month end)	84	155	Interest rate with reference to the loan interest rate of local commercial bank in China
Interest income	4	7	Interest rate with reference to the loan interest rate of local commercial bank in China
Deposits (weighted average from outstanding balances at month end)	47	23	Interest rate with reference to the deposit interest rate of local commercial bank
Interest expenses	1	-	Interest rate with reference to the deposit interest rate of local commercial bank
<u>Transactions with related companies</u>			
Sales of merchandise	3	7	Cost plus margin
Service income	4	4	Contract price
Rental income	1	1	Contract price
Purchases of merchandise	2	2	Resale price reduced by a margin



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Separate financial statements

(Unit: Million Baht)

	For the years ended		Pricing policy
	31 December		
	2014	2013	
<u>Transactions with subsidiaries</u>			
Sales of merchandise	707	592	Cost plus margin
Service income	5	5	Contract price
Rental income	14	14	Contract price
Lendings (weighted average from outstanding balances at month end)	210	345	Interest rate with reference to the loan interest rate of local commercial bank
Interest income	15	24	Interest rate with reference to the loan interest rate of local commercial bank
Deposits (weighted average from outstanding balances at month end)	888	819	Interest rate with reference to the deposit interest rate of local commercial bank
Interest expenses	12	15	Interest rate with reference to the deposit interest rate of local commercial bank
<u>Transactions with associates</u>			
Sales of merchandise	41	57	Cost plus margin
Rental income	2	2	Contract price
Disposals of investment properties	-	9	Market price
Purchases of merchandise	523	472	Resale price reduced by a margin
Deposits (weighted average from outstanding balances at month end)	47	23	Interest rate with reference to the deposit interest rate of local commercial bank
Interest expenses	1	-	Interest rate with reference to the deposit interest rate of local commercial bank
<u>Transactions with related companies</u>			
Service income	3	3	Contract price
Rental income	1	1	Contract price

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

As at 31 December 2014 and 2013, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	152,361	165,298
Associates	56,846	57,232	8,272	8,121
Related companies (related by shareholding)	543	683	-	-
Total	57,389	57,915	160,633	173,419
Less: Allowance for doubtful accounts	(38,995)	(38,995)	-	-
Total trade and other receivables - related parties, net	18,394	18,920	160,633	173,419
<u>Trade and other payables - related parties (Note 19)</u>				
Associates	36,117	36,996	26,118	28,166
Related companies (related by shareholding)	207	343	-	-
Total trade and other payable - related parties	36,324	37,339	26,118	28,166
<u>Deposits from related parties</u>				
Subsidiaries	-	-	777,676	888,136
Associates	58,290	12,198	58,290	12,198
Total deposits from related parties	58,290	12,198	835,966	900,334

Short-term loans to related parties

As at 31 December 2014 and 2013, the balance of short-term loans between the Company and its subsidiaries and those related parties and the movement are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	Balance as at 31 December 2013	Decrease during the year	Translation adjustments	Balance as at 31 December 2014
<u>Short-term loans to related parties</u>				
<u>Associates</u>				
Jiashan-Union Development Co., Ltd.	269,700	(269,700)	-	-
Zhejiang Saha-Union Feilun Thread Industries Co., Ltd.	21,576	(21,576)	-	-
Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	26,970	(20,227)	(136)	6,607
Total short-term loans to related parties	318,246	(311,503)	(136)	6,607



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2013	Increase during the year	Decrease during the year	Balance as at 31 December 2014
<u>Short-term loans to related parties</u>				
<i>Subsidiaries</i>				
Computer Union Co., Ltd.	296,856	1,813,500	(1,905,019)	205,337
Union Construction Corp., Ltd.	13,100	-	-	13,100
Union Rubber Products Corp., Ltd.	6,300	-	-	6,300
Total	316,256	1,813,500	(1,905,019)	224,737
Less: Allowance for doubtful accounts	(13,000)	-	-	(13,000)
Total short-term loans to related parties - net	303,256	1,813,500	(1,905,019)	211,737

Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	115	107	19	26
Post-employment benefits	2	1	-	(1)
Total	117	108	19	25

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with their related parties, as described in Note 32.4 to the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

9. TRADE AND OTHER RECEIVABLES

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
<u>Trade receivables – related parties</u>				
Aged on the basis of due dates				
Not yet due	6,349	7,339	160,633	173,419
Past due				
Up to 3 months	12,045	11,581	-	-
Over 12 months	9,635	9,635	-	-
Total	28,029	28,555	160,633	173,419
Less: Allowance for doubtful accounts	(9,635)	(9,635)	-	-
Total trade receivables – related parties, net	18,394	18,920	160,633	173,419
<u>Trade receivables – unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,294,843	1,138,034	18,829	13,800
Past due				
Up to 3 months	261,594	304,529	-	-
3 – 6 months	76,653	86,404	-	-
6 – 12 months	26,138	8,743	-	-
Over 12 months	9,887	31,634	1,410	1,410
Total	1,669,115	1,569,344	20,239	15,210
Less: Allowance for doubtful accounts	(7,099)	(26,236)	(1,410)	(1,410)
Total trade receivables – unrelated parties, net	1,662,016	1,543,108	18,829	13,800
Total trade receivables – net	1,680,410	1,562,028	179,462	187,219
<u>Other receivables</u>				
Advances	18,896	34,375	-	1
Prepaid corporate income tax	29,873	20,489	348	325
Prepaid expenses	33,387	29,611	-	-
Accrued income	18,448	50,093	16,250	11,198
Input tax refundable	44,502	45,072	6,300	8,231
Other receivables – related parties	29,360	29,360	-	-
Others	59,819	70,582	123	592
Total	234,285	279,582	23,021	20,347
Less: Allowance for doubtful accounts	(29,360)	(29,360)	-	-
Total other receivables – net	204,925	250,222	23,021	20,347
Total trade and other receivables – net	1,885,335	1,812,250	202,483	207,566



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

10. INVENTORIES

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Finished goods	288,217	352,917	(29,737)	(25,463)	258,480	327,454
Semi products	18,126	18,587	(839)	(578)	17,287	18,009
Work in process	145,918	118,818	(989)	(829)	144,929	117,989
Raw materials	456,808	427,532	(7,465)	(3,867)	449,343	423,665
Packing materials	49,167	30,285	(1,619)	(1,604)	47,548	28,681
Spare parts and factory supplies	118,835	100,297	(26,877)	(20,409)	91,958	79,888
Goods in transit	67,793	298,780	-	-	67,793	298,780
Total	1,144,864	1,347,216	(67,526)	(52,750)	1,077,338	1,294,466

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Goods in transit	21,315	46,142	-	-	21,315	46,142
Total	21,315	46,142	-	-	21,315	46,142

During the current year, the subsidiaries reduced cost of inventories by Baht 40 million (2013: Baht 35 million) to reflect the net realisable value. This was included in cost of sales. In addition, the subsidiaries reversed the write-down of cost of inventories by Baht 25 million (2013: Baht 45 million) and reduced the amount of inventories recognised as expenses during the year.

11. RESTRICTED INVESTMENTS

These represent bank deposits and the bonds of subsidiaries which pledged with the local banks to guarantee electricity use.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

12. INVESTMENTS IN SUBSIDIARIES

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company	(Unit: Thousand Baht)							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the years	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Million Baht) (Except for other specified currencies)	(Million Baht)	(%)	(%)				
Textile business								
Union Textile Industries Plc.	600	600	51.42	51.42	321,181	321,181	-	-
Union Garment Co., Ltd.	50	50	99.99	99.99	70,345	70,345	33,621	13,248
					391,526	391,526	33,621	13,248
Plastic, rubber and metal business								
Union Pioneer Plc.	75	75	52.71	52.71	53,084	53,084	10,281	18,359
Union Plastic Plc.	250	250	49.69	49.69	235,433	235,433	35,283	45,188
Union Zojirushi Co., Ltd.	300	300	51.00	51.00	153,659	153,659	106,335	89,046
Union Stainless Steel Products Co., Ltd.	40	40	98.00	98.00	52,411	52,411	23,520	28,224
Union Rubber Products Corp., Ltd.	20	20	99.99	99.99	16,111	16,111	-	-
Thai Rubber Enterprise Co., Ltd.	32	32	50.69	50.69	17,179	17,179	3,731	3,893
					527,877	527,877	179,150	184,710



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)

Company	Paid-up capital		Shareholding percentage		Cost		Dividend received during the years	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Million Baht)	(Million Baht)	(%)	(%)				
	(Except for other specified currencies)							
Trading business								
Computer Union Co., Ltd.	100	100	97.55	98.15	101,441	102,012	110,965	53,000
					101,441	102,012	110,965	53,000
Energy business								
Jiashan-Union Cogeneration Co., Ltd.	11	11	75.96	75.96	251,073	251,073	41,075	34,982
	(Million USD)							
					251,073	251,073	41,075	34,982
Hotel business								
The Royal Hotel Co., Ltd.	3,000	-	96.22	-	2,880,000	-	-	-
					2,880,000	-	-	-
Investment and others business								
Saha-Union International Ltd.	330	330	99.98	99.98	1,571,303	1,571,303	251,662	-
	(Million HKD)							
Saha-Union Investment (China) Co., Ltd.	45	45	100.00	100.00	1,572,809	1,572,809	310,982	-
	(Million USD)							
Saha-Union Holding Co., Ltd.	1,200	1,200	99.54	99.54	1,194,479	1,194,479	-	-
Venus Shoes Co., Ltd.	72	72	96.86	96.86	44,007	44,007	-	-
Union Printing Corp., Ltd.	30	30	94.74	94.74	29,466	29,466	-	-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)

Company	Paid-up capital		Shareholding percentage		Cost		Dividend received during the years	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Million Baht)	(Million Baht)	(%)	(%)				
	(Except for other specified currencies)							
<i>Investment and others business (continued)</i>								
Union Equity Co., Ltd.	160	160	99.79	99.79	159,771	159,771	-	-
Union Technology Co., Ltd.	100	100	99.99	99.99	100,000	100,000	-	-
Union Energy Co., Ltd.	3	3	99.40	99.40	3,176	3,176	-	-
Union Energy (China) Co., Ltd.	15	15	99.99	99.99	15,399	15,399	-	-
Texport International Corp., Ltd.	13	13	85.20	85.20	12,358	12,358	-	-
Union Human Resources Development Co., Ltd.	0.25	0.25	99.99	99.99	250	250	-	-
Union Shoes Co., Ltd.	24	24	97.85	97.85	22,008	22,008	-	-
Union Construction Corp., Ltd.	200	200	99.68	99.68	5,281	5,281	-	-
Saha-Union Property Co., Ltd.	125	125	99.99	99.99	125,000	125,000	-	-
Saha-Union Wealth Plus Co., Ltd.	125	125	99.99	99.99	125,000	125,000	-	-
Union Nakhon Co., Ltd.	210	210	77.49	75.00	157,499	157,499	-	-
					5,137,806	5,137,806	562,644	-
<i>Dissoluted group</i>								
Union Technology (2008) Plc.	-	120	-	99.66	-	120,057	3,630	47,467
					-	120,057	3,630	47,467
Total					9,289,723	6,530,351	931,085	333,407
Less: Allowance for impairment of investments in subsidiaries					(585,240)	(572,444)		
Total investments in subsidiaries - net					8,704,483	5,957,907		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

During the year 2014 and 2013, there were the following significant changes in the subsidiaries.

Additional investment in new subsidiaries

The Company invested in new subsidiaries as the following;

						(Unit: Million Baht)	
New subsidiaries	Nature of business	Shareholding (percent)	Approved by	Approved date	Registration date	Registered share capital	Registered and paid-up share capital
2014							
The Royal Hotel Co., Ltd.	Hotel	96.22	The meeting of Board of Directors No. 4/2014	24 April 2014	2 May 2014	3,000	3,000
Total							3,000
2013							
Saha-Union Property Co., Ltd.	Investment	99.99	The meeting of Board of Directors No. 3/2013	21 March 2013	22 April 2013	500	125
Saha-Union Wealth Plus Co., Ltd.	Investment	99.99	The meeting of Board of Directors No. 3/2013	21 March 2013	16 May 2013	500	125
Union Nakhon Co., Ltd.	Real Estate	75.00	The meeting of Board of Directors No. 7/2013	25 July 2013	22 August 2013	350	210
Total							460



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Dissolution

(Unit: Thousand Baht)					
Net cash return from dissolution					
Company	Description	Effects in consolidated financial statements	Effects in separate financial statements	Consolidated financial statements	Separate financial statements
2014					
Union Technology (2008) Plc. (subsidiary)	The Annual General Meeting of Shareholders 2014, No. 21 on 20 March 2014, passed a resolution for dissolution and it registered the dissolution on 11 April 2014	<ul style="list-style-type: none"> Decreased in a subsidiary The Company reversed the "Deficit on investment in subsidiary arising as a result of acquisition of additional shares at a price over than the net book value at the acquisition date" amounting to Baht 28 million. 	<ul style="list-style-type: none"> Decreased in a subsidiary The Company recorded a gain on dissolution of a subsidiary under the cost method amounting to Baht 39 million. 	170,662	159,327
Total				170,662	159,327



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Mergers of the businesses of subsidiaries and associate

In April 2013, the relevant Chinese government agency approved a merger request made by the Saha-Union Group, comprising Saha-Union Plc., Saha-Union Investment (China) Co., Ltd. (subsidiary), Union Energy (Hong Kong) Co., Ltd. (subsidiary) and a non-related Chinese shareholder, in order to merge the business of the following 2 subsidiaries and an associate which are principally engaged in textile business:

- Shanghai Saha-Union Thread Industry Co., Ltd. (subsidiary)
- Zhejiang Saha-Union Feilun Thread Industries Co., Ltd. (subsidiary)
- Shanghai Saha-Union Spinning Mill No.7 Co., Ltd. (associate)

The recipient of the merged businesses is Zhejiang Saha-Union Feilun Thread Industries Co., Ltd. and the merger resulted in a restructuring of shareholding, as a result of which the Saha-Union Group has significant influence over Zhejiang Saha-Union Feilun Thread Industries Co., Ltd. The Company therefore changed the status of Zhejiang Saha-Union Feilun Thread Industries Co., Ltd. from a subsidiary to an associate, effective from the date that the merger was approved.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Significant information regarding the merger is below.

(Unit: Thousand Baht)

Consolidated financial statements								
Company	Before merger				After merger			
	Former status	Former shareholding (percent)	Former book value under cost method	Former book value under equity method	New status	New shareholding (percent)	New book value under cost method	New book value under equity method
Shanghai Saha-Union Thread Industry Co., Ltd.	Subsidiary	64	61,051	28,980	Dissolution	-	-	-
Zhejiang Saha-Union Feilun Thread Industries Co., Ltd.	Subsidiary	82	128,626	71,530	Associate	57	500,595	368,305
Shanghai Saha-Union Spinning Mill No.7 Co., Ltd.	Associate	50	310,918	245,799	Dissolution	-	-	-
Total			500,595	346,309			500,595	368,305
Less: Share of loss under the equity method during the year 2013 after merger								(5,909)
Net book value of investment under the equity method as at 31 December 2013								362,396



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)

Separate financial statements										
Before merger						After merger				
Company	Former status	Former shareholding (percent)	Former book value under cost method	Former allowance for impairment of investment	Former book value under cost method, net	New status	New shareholding (percent)	New book value under cost method	allowance for impairment of investment	New book value under cost method, net
Shanghai Saha-Union Thread Industry Co., Ltd.	Subsidiary	45	49,951	(27,955)	21,996	Dissolution	-	-	-	-
Zhejiang Saha-Union Feilun Thread Industries Co., Ltd.	Subsidiary	37	57,096	(31,551)	25,545	Associate	40	355,302	(103,985)	251,317
Shanghai Saha-Union Spinning Mill No.7 Co., Ltd.	Associate	40	248,255	(44,479)	203,776	Dissolution	-	-	-	-
Total			355,302	(103,985)	251,317			355,302	(103,985)	251,317

As a result from the mergers of the businesses, the Company transferred the allowance for impairment of investments in two subsidiaries, Shanghai Saha-Union Thread Industry Co., Ltd. and Zhejiang Saha-Union Feilun Thread Industries Co., Ltd. which amounting to Baht 28 million and Baht 32 million, respectively, to the allowance for impairment of investments in new associates instead.

In addition, during the year 2014, the Company set up additional allowance for impairment of investments in subsidiaries by Baht 13 million. Consequently, as at 31 December 2014, the Company recorded allowance for impairment of investments in subsidiaries totaling Baht 585 million in order to reflect the future expected return on investments.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

13. INVESTMENTS IN ASSOCIATES

13.1 DETAILS OF ASSOCIATES:

Consolidated financial statements

(Unit: Thousand Baht)

Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2014	2013	2014	2013	2014	2013
			(%)	(%)				
Textile business								
Zhejiang Saha-Union Feilun Thread Industries Co., Ltd. (2013: New associate from merger – Note 12)	Contract manufacture and distribution of textile products	China	57.57	57.57	640,940	500,595	466,532	362,396
Union Micronclean Co., Ltd.	Manufacture and distribution of anti-electrostatic and dust clothing	Thailand	44.48	44.48	2,550	2,550	19,327	18,629
Union Spinning Mills Co., Ltd.	Manufacture and distribution of thread	Thailand	51.99	51.99	46,563	46,563	81,909	83,056
Union Zip Co., Ltd. (99.79 percent owned by Union Industries Corp., Ltd.)	Manufacture and distribution of zippers	Thailand	24.85	24.85	-	-	24,094	16,374
Venus Thread Co., Ltd. (98.96 percent owned by Union Thread Industries Co., Ltd. and 1.04 percent by Union Spinning Mills Co., Ltd.)	Manufacture and distribution of thread and yarn	Thailand	24.90	24.90	-	-	20,826	21,093
Union Universe Co., Ltd	Distributor of Grand Slam shirts	Thailand	49.87	49.87	3,751	3,751	42,060	61,986
					693,804	553,459	654,748	563,534



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)

Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2014	2013	2014	2013	2014	2013
			(%)	(%)				
Plastic, rubber and metal business								
Union Thai-Nichiban Co., Ltd.	Manufacture of adhesive paper, corrugated adhesive paper, clear tape and OPP tape	Thailand	40.27	40.27	19,266	19,266	173,720	163,363
Union Nifco Co., Ltd	Manufacture and distribution of plastic parts and molds	Thailand	39.91	39.91	51,559	51,559	214,574	219,827
					70,825	70,825	388,294	383,190
Energy business								
Shangyu Hangzhou-Union Cogeneration Co., Ltd.	Power generation	China	50.00	50.00	514,653	514,653	954,016	919,679
Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	Power generation	China	50.00	50.00	445,914	445,914	223,587	287,046
					960,567	960,567	1,177,603	1,206,725
Investment and others business								
Taixing Union Zond Chemicals Co., Ltd.	Manufacture of Phthalic anhydride and Fumaric acid and associated products	China	29.65	29.65	273,029	273,029	229,143	233,982
Jiangsu Zhonglian-Union Carpet Co., Ltd.	Manufacture of automobile carpets	China	35.00	35.00	218,108	218,108	327,184	325,303
Wuhan Taicang Car Internal Decoration Parts Co., Ltd. (100.00 percent owned by Jiangsu Zhonglian-Union Carpet Co., Ltd.)	Manufacture of automobile carpets and decorated accessories	China	35.00	-	-	-	7,515	-
Jiashan-Union Development Co., Ltd.	Real estate	China	49.00	49.00	676,832	676,832	807,961	763,279
Zhejiang-Union Property Co., Ltd.	Real estate	China	35.00	35.00	169,793	169,793	177,938	186,828
Saha-Union International Taipei Ltd.	Investment	Taiwan	42.30	42.30	386	386	2,821	3,126



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)

Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2014	2013	2014	2013	2014	2013
			(%)	(%)				
<i>Investment and others business (continued)</i>								
Uni-Fibre Co., Ltd.	Investment / Agency and service business / Distribution of textile products and other materials	Thailand	52.99	52.99	55,800	55,800	375,370	361,119
Uni-Agro Co., Ltd.	Investment and agriculture	Thailand	44.94	44.94	20,465	20,465	16,527	16,473
Union Thread Industries Co., Ltd.	Investment	Thailand	35.99	35.99	51,861	51,861	759,064	753,669
Union Industries Corp., Ltd.	Investment and real estate rental	Thailand	29.46	29.46	43,328	43,328	356,625	351,796
Venus Product Co., Ltd. (99.86 percent owned by Union Thread Industries Co., Ltd.)	Investment	Thailand	24.86	24.86	-	-	1,792	1,793
Union Capital Co., Ltd. (29.00 percent owned by Union Industries Corp., Ltd., 29.00 percent by Union Thread Industries Co., Ltd., 29.00 percent by Union Business Management Co., Ltd. and 2.00 percent by Uni-Fibre Co., Ltd.)	Investment	Thailand	26.42	26.42	-	-	72,895	59,838
Union Business Management Co., Ltd. (51.10 percent owned by Union Thread Industries Co., Ltd., 29.40 percent by Union Capital Co., Ltd., 18.99 percent by Union Textile Industries Plc. and 0.50 percent by Union Industries Corp., Ltd.)	Investment	Thailand	32.70	32.70	94,999	94,999	119,502	106,846
Union Distributor Co., Ltd. (99.30 percent owned by Union Industries Corp., Ltd.)	Investment	Thailand	24.73	24.73	-	-	1,222	1,157



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)

Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2014	2013	2014	2013	2014	2013
			(%)	(%)				
<i>Investment and others business (continued)</i>								
Union Management and Service Co., Ltd. (99.83 percent owned by Union Industries Corp., Ltd.)	Distribution of fuel and employee transportation services	Thailand	24.86	24.86	-	-	3,385	3,042
Union Asset Management Co., Ltd. (99.99 percent owned by Union Industries Corp., Ltd.)	Apartment, office building space and warehouse rental	Thailand	24.90	24.90	-	-	4,854	4,047
Union Property Co., Ltd. (45.00 percent owned by Uni-Fibre Co., Ltd., 30.00 percent by Union Thread Industries Co., Ltd. and 15.00 percent by Union Industries Corp., Ltd.)	Investment and real estate rental	Thailand	27.43	27.43	-	-	516	807
Union Somkid Co., Ltd. (39.99 percent owned by Uni-Fibre Co., Ltd., 40.00 percent by Union Thread Industries Co., Ltd. and 20.00 percent by Union Industries Corp., Ltd.)	Real estate rental	Thailand	29.36	29.36	-	-	-	-
Union Chidlom Co., Ltd. (39.99 percent owned by Uni-Fibre Co., Ltd., 40.00 percent by Union Thread Industries Co., Ltd. and 20.00 percent by Union Industries Corp., Ltd.)	Real estate rental	Thailand	29.36	29.36	-	-	-	-
Union Chamchuri Co., Ltd. (39.99 percent owned by Uni-Fibre Co., Ltd., 40.00 percent by Union Thread Industries Co., Ltd. and 20.00 percent by Union Industries Corp., Ltd.)	Real estate rental	Thailand	29.36	29.36	-	-	44	21



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)

Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2014	2013	2014	2013	2014	2013
			(%)	(%)				
<i>Investment and others business (continued)</i>								
Union Phrom Phong Co., Ltd. (45.00 percent owned by Uni-Fibre Co., Ltd., 30.00 percent by Union Thread Industries Co., Ltd. and 15.00 percent by Union Industries Corp., Ltd.)	Real estate rental	Thailand	27.43	27.43	-	-	-	-
Soldev Co., Ltd. (40.00 percent owned by Computer Union Co., Ltd.)	Develop and distribution of computer software	Thailand	40.00	40.00	2,000	2,000	2,646	2,259
					1,606,601	1,606,601	3,267,004	3,175,385
<i>Liquidated group</i>								
Ten Cate-Union Protective Fabric Asia Co., Ltd. (49.35 percent owned by Union Textile Industries Plc.)	-	Thailand	24.62	24.62	190,000	190,000	-	-
					190,000	190,000	-	-
Total investments in associates					3,521,797	3,381,452	5,487,649	5,328,834



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Separate financial statements

									(Unit: Thousand Baht)	
Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2014	2013	2014	2013	2014	2013	2014	2013
			(%)	(%)						
<i>Textile business</i>										
Zhejiang Saha-Union Feilun Thread Industries Co., Ltd. (2013: New associate from merger - Note 12)	Contract manufacture and distribution of textile products	China	39.59	39.59	452,337	355,302	(154,350)	(103,985)	297,987	251,317
Union Micronclean Co., Ltd.	Manufacture and distribution of anti-electrostatic and dust clothing	Thailand	25.00	25.00	1,251	1,251	-	-	1,251	1,251
Union Spinning Mills Co., Ltd.	Manufacture and distribution of thread	Thailand	25.00	25.00	46,563	46,563	-	-	46,563	46,563
Union Universe Co., Ltd.	Distributor of Grand Slam shirts	Thailand	49.87	49.87	3,751	3,751	-	-	3,751	3,751
					503,902	406,867	(154,350)	(103,985)	349,552	302,882
<i>Plastic, rubber and metal business</i>										
Union Thai-Nichiban Co., Ltd.	Manufacture of adhesive paper, corrugated adhesive paper, clear tape and OPP tape	Thailand	40.27	40.27	19,266	19,266	-	-	19,266	19,266
Union Nifco Co., Ltd.	Manufacture and distribution of plastic parts and molds	Thailand	30.00	30.00	31,556	31,556	-	-	31,556	31,556
					50,822	50,822	-	-	50,822	50,822

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)										
Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2014	2013	2014	2013	2014	2013	2014	2013
			(%)	(%)						
Energy business										
Shangyu Hangzhou-Union Cogeneration Co., Ltd.	Power generation	China	25.00	25.00	257,481	257,481	-	-	257,481	257,481
Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	Power generation	China	40.00	40.00	417,271	417,271	(180,063)	(161,289)	237,208	255,982
					674,752	674,752	(180,063)	(161,289)	494,689	513,463
Investment and other business										
Taixing Union Zond Chemicals Co., Ltd.	Manufacture of Phthalic anhydride and Fumaric acid and associated products	China	23.85	23.85	218,958	218,958	(59,908)	(36,826)	159,050	182,132
Jiangsu Zhonglian-Union Carpet Co., Ltd.	Manufacture of automobile carpets	China	25.00	25.00	152,218	152,218	-	-	152,218	152,218
Jiashan-Union Development Co., Ltd.	Real estate	China	39.00	39.00	538,703	538,703	-	-	538,703	538,703
Zhejiang-Union Property Co., Ltd.	Real estate	China	35.00	35.00	169,793	169,793	-	-	169,793	169,793
Saha-Union International Taipei Ltd.	Investment	Taiwan	10.00	10.00	386	386	-	-	386	386
Uni-Fibre Co., Ltd.	Investment / Agency and service business / Distribution of textile products and other materials	Thailand	25.67	25.67	30,800	30,800	-	-	30,800	30,800
Uni-Agro Co., Ltd.	Investment and agriculture	Thailand	30.00	30.00	20,465	20,465	(547)	(547)	19,918	19,918
Union Thread Industries Co., Ltd.	Investment	Thailand	24.90	24.90	51,861	51,861	-	-	51,861	51,861
Union Industries Corp., Ltd.	Investment and real estate rental	Thailand	24.90	24.90	43,328	43,328	-	-	43,328	43,328
					1,226,512	1,226,512	(60,455)	(37,373)	1,166,057	1,189,139
Total investments in associates					2,455,988	2,358,953	(394,868)	(302,647)	2,061,120	2,056,306



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

13.2 SHARE OF PROFIT/LOSS AND DIVIDEND RECEIVED

During the years, the Company has recognised its share of profit/loss from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of profit/loss from investments in associates during the years		Dividend received during the years	
	2014	2013	2014	2013
Textile business				
Zhejiang Saha-Union Feilun Thread Industries Co., Ltd. (2013: New associate from merger - Note 12)	(28,232)	(29,926)	-	-
Shanghai Saha-Union Spinning Mill No.7 Co., Ltd. (2013: Merged and changed status to a new associate under the restructuring of shareholding)	-	(1,108)	-	-
Union Micronclean Co., Ltd.	4,779	4,321	2,000	2,875
Union Spinning Mills Co., Ltd.	(1,147)	(12,268)	-	-
Union Zip Co., Ltd. (99.79 percent owned by Union Industries Corp., Ltd.)	7,721	11,491	-	-
Venus Thread Co., Ltd. (98.96 percent owned by Union Thread Industries Co., Ltd. and 1.04 percent by Union Spinning Mills Co., Ltd.)	(267)	(2,006)	-	-
Union Universe Co., Ltd.	(19,100)	(3,084)	1,122	1,122
	(36,246)	(32,580)	3,122	3,997
Plastic, rubber and metal business				
Union Thai-Nichiban Co., Ltd.	28,721	18,385	18,365	7,491
Union Nifco Co., Ltd.	62,247	76,421	40,503	43,803
	90,968	94,806	58,868	51,294
Energy business				
Shangyu Hangzhou-Union Cogeneration Co., Ltd.	247,899	202,266	99,628	95,774
Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	(55,145)	(23,018)	-	-
	192,754	179,248	99,628	95,774
Investment and others business				
Taixing Union Zond Chemicals Co., Ltd.	(130)	12,211	-	-
Jiangsu Zhonglian-Union Carpet Co., Ltd.	17,458	16,244	-	10,355
Wuhan Taicang Car Internal Decoration Parts Co., Ltd. (100.00 percent owned by Jiangsu Zhonglian-Union Carpet Co., Ltd.)	3,312	-	-	-
Jiashan-Union Development Co., Ltd.	59,737	46,778	-	-
Zhejiang-Union Property Co., Ltd.	(5,074)	(1,788)	-	-
Saha-Union International Taipei Ltd.	(83)	(160)	-	-
Uni-Fibre Co., Ltd.	14,089	12,198	-	-
Uni-Agro Co., Ltd.	54	142	-	-
Union Thread Industries Co., Ltd.	17,118	14,504	8,963	8,963
Union Industries Corp., Ltd.	8,745	10,833	6,723	6,723



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Company	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	Share of profit/loss from investments in associates during the years		Dividend received during the years	
	2014	2013	2014	2013
<i>Investment and others business (continued)</i>				
Venus Product Co., Ltd. (99.86 percent owned by Union Thread Industries Co., Ltd.)	(2)	(2)	-	-
Union Capital Co., Ltd. (29.00 percent owned by Union Industries Corp., Ltd., 29.00 percent by Union Thread Industries Co., Ltd., 29.00 percent by Union Business Management Co., Ltd. and 2.00 percent by Uni-Fibre Co., Ltd.)	13,058	10,542	-	-
Union Business Management Co., Ltd. (51.10 percent owned by Union Thread Industries Co., Ltd., 29.40 percent by Union Capital Co., Ltd., 18.99 percent by Union Textile Industries Plc. and 0.50 percent by Union Industries Corp., Ltd.)	12,656	9,523	-	-
Union Distributor Co., Ltd. (99.30 percent owned by Union Industries Corp., Ltd.)	60	61	-	-
Union Management and Service Co., Ltd. (99.83 percent owned by Union Industries Corp., Ltd.)	342	1,132	-	-
Union Asset Management Co., Ltd. (99.99 percent owned by Union Industries Corp., Ltd.)	807	578	-	-
Union Property Co., Ltd. (45.00 percent owned by Uni-Fibre Co., Ltd., 30.00 percent by Union Thread Industries Co., Ltd., and 15.00 percent by Union Industries Corp., Ltd.)	(291)	(28)	-	-
Union Somkid Co., Ltd. (39.99 percent owned by Uni-Fibre Co., Ltd., 40.00 percent by Union Thread Industries Co., Ltd. and 20.00 percent by Union Industries Corp., Ltd.)	43	(1)	-	-
Union Chidlom Co., Ltd. (39.99 percent owned by Uni-Fibre Co., Ltd., 40.00 percent by Union Thread Industries Co., Ltd., 20.00 percent by Union Industries Corp., Ltd.)	(299)	6	-	-
Union Chamchuri Co., Ltd. (39.99 percent owned by Uni-Fibre Co., Ltd., 40.00 percent by Union Thread Industries Co., Ltd., 20.00 percent by Union Industries Corp., Ltd.)	23	58	-	-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Company	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	Share of profit/loss from investments in associates during the years		Dividend received during the years	
	2014	2013	2014	2013
Investment and others business (continued)				
Union Phrom Phong Co., Ltd. (45.00 percent owned by Uni-Fibre Co., Ltd., 30.00 percent by Union Thread Industries Co., Ltd., and 15.00 percent by Union Industries Corp., Ltd.)	34	(124)	-	-
Soldev Co., Ltd. (40.00 percent owned by Computer Union Co., Ltd.)	387	259	-	-
	142,044	132,966	15,686	26,041
Liquidated group				
Ten Cate-Union Protective Fabric Asia Co., Ltd. (49.35 percent owned by Union Textile Industries Plc.)	-	-	-	-
	-	-	-	-
Total	389,520	374,440	177,304	177,106

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

13.3 SUMMARISED FINANCIAL INFORMATION OF ASSOCIATES

Financial information of the associates is summarised below:

Company	(Unit: Million Baht)									
	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit (loss)	
	as at 31 December		as at 31 December		as at 31 December		for the years ended		for the years ended	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Textile business										
Zhejiang Saha-Union Feilun Thread Industries Co., Ltd.	30	23	1,290	1,254	452	598	806	529	(49)	(54)
(2013: New associate from merger - Note 12)	(Million USD)									
Union Micronclean Co., Ltd.	5	5	64	54	26	17	123	93	9	8
Union Spinning Mills Co., Ltd.	200	200	405	443	144	179	558	541	(2)	(20)
Union Zip Co., Ltd.	100	100	250	224	53	58	187	212	31	46
(99.79 percent owned by Union Industries Corp., Ltd.)										
Venus Thread Co., Ltd.	300	300	575	573	191	188	629	684	-	(8)
(98.96 percent owned by Union Thread Industries Co., Ltd and 1.04 percent by Union Spinning Mills Co., Ltd.)										
Union Universe Co.,Ltd.	8	8	94	136	8	7	24	22	(5)	(9)
Plastic, rubber and metal business										
Union Thai-Nichiban Co., Ltd.	15	15	529	505	98	99	944	899	71	46
Union Nifco Co., Ltd.	100	100	630	647	201	207	1,086	1,165	126	140
Energy business										
Shangyu Hangzhou-Union Cogeneration Co., Ltd.	200	200	3,913	3,538	2,089	1,787	2,654	2,384	497	405
(Million RMB)										
Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	25	25	991	957	313	152	378	415	(110)	(46)
(Million USD)										



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Million Baht)

Company	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Profit (loss) for the years ended 31 December	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Investment and other business										
Taixing Union Zond Chemicals Co., Ltd.	28	28	2,095	1,823	1,322	1,034	2,839	1,479	-	41
	(Million USD)									
Jiangsu Zhonglian-Union Carpet Co., Ltd.	65	57	1,792	1,534	696	607	1,214	1,064	50	46
	(Million RMB)									
Wuhan Taicang Car Internal Decoration Parts Co., Ltd.	27	-	313	-	161	-	361	-	9	-
(100.00 percent owned by Jiangsu Zhonglian-Union Carpet Co., Ltd.)	(Million RMB)									
Jiashan-Union Development Co., Ltd.	41	41	3,877	3,055	2,228	1,498	326	2,000	122	95
	(Million USD)									
Zhejiang-Union Property Co., Ltd.	100	100	963	621	454	87	4	4	(14)	(5)
	(Million RMB)									
Saha-Union International Taipei Ltd.	5	5	10	11	1	1	-	-	-	-
	(Million TWD)									
Uni-Fibre Co., Ltd.	120	120	1,060	972	71	59	42	41	27	23
Uni-Agro Co., Ltd.	65	65	67	65	-	-	2	2	-	-
Union Thread Industries Co., Ltd.	200	200	2,961	2,811	11	11	85	87	52	47
Union Industries Corp., Ltd.	150	150	1,730	1,633	2	2	61	99	43	80
Venus Product Co., Ltd.	2	2	9	9	-	-	-	-	-	-
(99.86 percent owned by Union Thread Industries Co., Ltd.)										



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Company	(Unit: Million Baht)									
	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit (loss)	
	as at 31 December	as at 31 December	as at 31 December	as at 31 December	as at 31 December	as at 31 December	for the years ended	for the years ended	for the years ended	for the years ended
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Investment and other business (continued)										
Union Capital Co., Ltd. (29.00 percent owned by Union Industries Corp., Ltd., 29.00 percent by Union Thread Industries Co., Ltd., 29.00 percent by Union Business Management Co., Ltd. and 2.00 percent by Uni-Fibre Co., Ltd.)	250	250	1,140	1,000	-	-	56	45	49	40
Union Business Management Co., Ltd. (51.10 percent owned by Union Thread Industries Co., Ltd., 29.40 percent by Union Capital Co., Ltd., 18.99 percent by Union Textile Industries Plc. and 0.50 percent by Union Industries Corp., Ltd.)	500	500	1,360	1,216	-	-	45	34	39	29
Union Distributor Co., Ltd. (99.30 percent owned by Union Industries Corp., Ltd.)	1	1	6	6	-	-	-	-	-	-
Union Management and Service Co., Ltd. (99.83 percent owned by Union Industries Corp., Ltd.)	4	4	24	22	6	6	27	28	1	5
Union Asset Management Co., Ltd. (99.99 percent owned by Union Industries Corp., Ltd.)	60	60	82	78	2	2	11	11	3	2
Union Property Co., Ltd. (45.00 percent owned by Uni-Fibre Co., Ltd., 30.00 percent by Union Thread Industries Co., Ltd. and 15.00 percent by Union Industries Corp., Ltd.)	550	450	556	454	4	1	6	4	(1)	-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Million Baht)

Company	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Profit (loss) for the years ended 31 December	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Investment and other business (continued)										
Union Somkid Co., Ltd. (39.99 percent owned by Uni-Fibre Co., Ltd., 40.00 percent by Union Thread Industries Co., Ltd. and 20.00 percent by Union Industries Corp., Ltd.)	60	60	60	60	-	-	2	2	-	-
Union Chidlom Co., Ltd. (39.99 percent owned by Uni-Fibre Co., Ltd., 40.00 percent by Union Thread Industries Co., Ltd. and 20.00 percent by Union Industries Corp., Ltd.)	60	60	58	59	-	-	1	2	(1)	-
Union Chamchuri Co., Ltd. (39.99 percent owned by Uni-Fibre Co., Ltd., 40.00 percent by Union Thread Industries Co., Ltd. and 20.00 percent by Union Industries Corp., Ltd.)	40	40	40	40	-	-	-	-	-	-
Union Phrom Phong Co., Ltd. (45.00 percent owned by Uni-Fibre Co., Ltd., 30.00 percent by Union Thread Industries Co., Ltd. and 15.00 percent by Union Industries Corp., Ltd.)	80	80	80	80	-	-	2	1	-	-
Soldev Co., Ltd. (40.00 percent owned by Computer Union Co., Ltd.)	5	5	11	25	4	15	14	27	1	1
Liquidated Group										
Ten Cate-Union Protective Fabric Asia Co., Ltd. (49.35 percent owned by Union Textiles Industries Plc.)	-	-	-	-	-	-	-	-	-	-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

During the years 2014 and 2013, there were significant changes of associates as the following:

Increase in registered shares capital

						(Unit: Thousand Baht)	
						Net cash paid for capital increase	
Company	Approved by	Approved date	Registration date	Registered and paid-up share capital before increase	Registered and paid-up share capital after increase	Consolidated financial statements	Separate financial statements
				(USD)	(USD)		
2014							
Zhejiang Saha-Union Feilun Thread Industries Co., Ltd. (associate)	The Board of Director's Meeting	29 October 2013	11 March 2014	22,776,932	30,300,000	(140,345)	(97,035)
Total						(140,345)	(97,035)

Additional of investment

					(Unit: Thousand Baht)	
					Net cash paid	
Company	Description	Effects in consolidated financial statements	Effects in separate financial statements	Consolidated	Separate	
				financial statements	financial statements	
2013						
Saha-Union Plc	Acquired of investment in Zhejiang-Union Property Co., Ltd.	Increased in an associated company	Increased in an associated company	169,793	169,793	
Uni-Fibre Co., Ltd.	Acquired of investment in Union Phrom Phong Co., Ltd.	Increased in an associated company	No effect	-	-	
Union Thread Industries Co., Ltd. and Union Industries Corp., Ltd. (associate)						
Computer Union Co., Ltd. (subsidiary)	Acquired of investment in Soldev Co., Ltd.	Increased in an associated company	No effect	2,000	-	
Total				171,793	169,793	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Disposals and changes in status of investments

(Unit: Thousand Baht)

				Net cash received	
Company	Description	Effects in consolidated financial statements	Effects in separate financial statements	Consolidated financial statements	Separate financial statements
2013					
Saha-Union Plc. and Saha-Union Investment (China) Co. Ltd. (subsidiary)	Disposed of investment in Yunnan Energy Qujing-Union Power Co., Ltd.	<ul style="list-style-type: none">Yunnan Energy Qujing-Union Power Co., Ltd. changed the status to non-related party.The Company recorded a gain amounting to Baht 36 million on the disposals of investment under the equity method.	<ul style="list-style-type: none">Yunnan Energy Qujing-Union Power Co., Ltd. changed the status to non-related party.The Company recorded a gain amounting to Baht 110 million on the disposals of investment under the cost method.	192,210	173,568
Total				192,210	173,568

Liquidation

Company	Approved by	Approved date	Registration date	Current status
2013				
Ten Cate-Union Protective Fabric Asia Co., Ltd. (associate)	The Extraordinary Meeting of Shareholders No. 1/2013	11 March 2013	22 March 2013	Under liquidation





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

During the year 2014, the Company set up additional allowance for impairment of investments in associates amounting to Baht 92 million. As a result, as at 31 December 2014, the Company recorded allowance for impairment of investments in associates totaling Baht 395 million in order to reflect the future expected return on investments.

Share of profit from investments in 9 associates accounted for under the equity method amounting to approximately Baht 15 million, as included in the income statement for the year ended 31 December 2014 (2013: 6 companies, the share of profit Baht 16 million), was calculated from financial statements prepared by the management of those companies, and not audited by their auditors. However, the management believes that there would be no material difference if those financial statements had been audited by the associates' auditors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

14. OTHER LONG-TERM INVESTMENTS

Other long-term investments consist of investments in ordinary shares and available-for-sale securities as follows:

Consolidated financial statements

Investments in ordinary shares

Company	Shareholding percentage		(Unit: Thousand Baht)	
	Cost method			
	2014	2013	2014	2013
	(%)	(%)		
Ratchaburi Power Co., Ltd.	10.00	10.00	732,500	732,500
Value Creation Inc.	0.18	0.18	328,280	328,280
Others			41,251	41,251
Total investments in ordinary shares			1,102,031	1,102,031
Less: Allowance for impairment of investments			(328,640)	(329,201)
Total investments in ordinary shares - net			773,391	772,830

Investments in available-for-sale securities

Company	(Unit: Thousand Baht)					
	Cost		Surplus (deficit) on changes in value of investments		Fair value	
	2014	2013	2014	2013	2014	2013
Saha Pathana Inter-Holding Plc.	27,508	27,508	187,784	170,811	215,292	198,319
Bangkok Bank Plc.	230,096	230,096	323,009	278,589	553,105	508,685
Electricity Generating Plc.	30,514	30,514	16,016	4,031	46,530	34,545
Ratchaburi Electricity Generating Holding Plc.	32,024	32,024	13,801	6,001	45,825	38,025
Banyan Tree Indochina Hospitality Fund, L.P.	271,882	271,882	(86,620)	(63,302)	185,262	208,580
Others	43,049	202,241	3,274	(177)	46,323	202,064
Total investments in available-for-sale securities	635,073	794,265	457,264	395,953	1,092,337	1,190,218
Total other long-term investments - net					1,865,728	1,963,048

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Separate financial statements

Investments in ordinary shares

(Unit: Thousand Baht)

Company	Shareholding percentage		Cost method	
	2014	2013	2014	2013
	(%)	(%)		
Ratchaburi Power Co., Ltd.	10.00	10.00	732,500	732,500
Value Creation Inc.	0.18	0.18	328,280	328,280
Others			33,801	33,801
Total investments in ordinary shares			1,094,581	1,094,581
Less: Allowance for impairment of investments			(335,700)	(335,700)
Total investments in ordinary shares - net			758,881	758,881

Investments in available-for-sale securities

(Unit: Thousand Baht)

Company	Cost		Surplus (deficit) on changes in value of investments		Fair value	
	2014	2013	2014	2013	2014	2013
Saha Pathana Inter-Holding Plc.	27,508	27,508	187,784	170,811	215,292	198,319
Bangkok Bank Plc.	204,402	204,402	312,033	270,558	516,435	474,960
Banyan Tree Indochina Hospitality Fund, L.P.	271,882	271,882	(86,620)	(63,302)	185,262	208,580
Others	2,010	159,063	(2,010)	(3,148)	-	155,915
Total investments in available-for-sale securities	505,802	662,855	411,187	374,919	916,989	1,037,774
Total other long-term investments - net					1,675,870	1,796,655

During the current year, the Company and its subsidiaries received dividends from their investments in ordinary shares and available-for-sale securities totaling Baht 208 million (2013: Baht 230 million), with the Company receiving Baht 201 million (2013: Baht 225 million).



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

15. INVESTMENT PROPERTIES

The net book value of investment properties as at 31 December 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements		
	Land and land improvement awaiting development	Factory and office building for rent	Assets under construction	Total	Land and land improvement awaiting development	Factory and office building for rent	Total
As at 31 December 2014							
Cost	1,391,630	2,674,812	85,456	4,151,898	1,186,689	1,832,026	3,018,715
<u>Less Accumulated depreciation</u>	(37,225)	(2,096,731)	-	(2,133,956)	(26,782)	(1,679,425)	(1,706,207)
<u>Less Allowance for impairment loss</u>	(4,413)	(155,420)	-	(159,833)	(4,413)	(139,320)	(143,733)
Net book value	1,349,992	422,661	85,456	1,858,109	1,155,494	13,281	1,168,775
As at 31 December 2013							
Cost	791,630	2,727,759	52,632	3,572,021	586,689	1,928,942	2,515,631
<u>Less Accumulated depreciation</u>	(31,541)	(2,151,351)	-	(2,182,892)	(20,915)	(1,773,234)	(1,794,149)
<u>Less Allowance for impairment loss</u>	(4,413)	(156,535)	-	(160,948)	(4,413)	(140,435)	(144,848)
Net book value	755,676	419,873	52,632	1,228,181	561,361	15,273	576,634

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

A reconciliation of the net book value of investment properties for the years 2014 and 2013 is presented below.

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Net book value at beginning of year	1,228,181	1,093,127	576,634	696,456
Acquisition of assets	639,389	223,911	600,000	831
Disposals/write-off - net book value	(14,157)	(5,483)	(1,314)	(5,483)
Transferred from property, plant and equipment - net book value	42,238	26,812	-	-
Depreciation for the year	(32,892)	(79,390)	(6,545)	(63,336)
Allowance for impairment loss increase during the year	-	(51,834)	-	(51,834)
Translation adjustments	(4,650)	21,038	-	-
Net book value at end of year	1,858,109	1,228,181	1,168,775	576,634

During the current year, the Board of Directors Meeting of the Company held on 13 August 2014 passed a resolution to acquire a 3 rai plot of land from an unrelated party for Baht 600 million. This purchase price is equivalent to the market value. The Company has classified the land under investment properties.

The fair value of the investment properties as at 31 December 2014 and 2013 stated below.

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Land and land improvement awaiting development	2,100,641	1,500,641	1,467,418	867,418
Factory and office building for rent	912,217	904,537	130,230	130,230

The fair values of the above investment properties have been determined based on valuations performed by an accredited independent valuer. The fair value of the land and land improvement awaiting development has been determined based on market prices, while that of the factory and office building for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

16. PROPERTY, PLANT AND EQUIPMENT

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land	Land improvement	Leasehold improvement, buildings and facilities	Machinery and equipment	Power plants	Others	
Cost							
As at 1 January 2013	164,109	13,719	1,905,506	5,431,649	650,331	1,594,797	9,760,111
Additions	-	468	83,431	73,780	32,369	238,964	429,012
Disposals/write-off	-	-	(16,666)	(96,395)	(3,382)	(152,750)	(269,193)
Transfers	-	4,388	46,765	78,502	-	(129,655)	-
Decrease from mergers of the businesses of subsidiaries (Note 12)	-	-	-	-	-	(552,235)	(552,235)
Transfers to investment properties	-	-	(30,175)	-	-	-	(30,175)
Translation adjustments	-	-	63,205	-	65,301	(17,187)	111,319
As at 31 December 2013	164,109	18,575	2,052,066	5,487,536	744,619	981,934	9,448,839
Additions	93,876	-	135,108	103,181	155,109	205,969	693,243
Increased from business acquisition (Note 1.2)	1,639,000	11,940	897,780	-	-	134,995	2,683,715
Disposals/write-off	-	-	(99,989)	(182,056)	(39,040)	(104,448)	(425,533)
Transfers	-	(10,457)	43,243	104,234	-	(137,020)	-
Transfers to investment properties	-	-	(59,321)	-	-	-	(59,321)
Translation adjustments	-	-	(9,984)	-	(15,006)	(632)	(25,622)
As at 31 December 2014	1,896,985	20,058	2,958,903	5,512,895	845,682	1,080,798	12,315,321



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)

	Consolidated financial statements (continued)						
	Land	Land improvement	Leasehold improvement, buildings and facilities	Machinery and equipment	Power plants	Others	Total
Accumulated depreciation							
As at 1 January 2013	-	7,026	909,597	4,088,964	273,302	831,011	6,109,900
Depreciation for the year	-	585	100,121	320,920	46,698	133,418	601,742
Depreciation on disposals/write-off	-	-	(16,241)	(95,500)	(1,939)	(150,685)	(264,365)
Transfers	-	-	-	3,203	-	(3,203)	-
Decrease from mergers of the businesses of subsidiaries (Note 12)	-	-	-	-	-	(82,065)	(82,065)
Transfers to investment properties	-	-	(3,363)	-	-	-	(3,363)
Translation adjustments	-	-	9,434	-	31,146	886	41,466
As at 31 December 2013	-	7,611	999,548	4,317,587	349,207	729,362	6,403,315
Depreciation for the year	-	916	136,910	305,960	39,682	130,554	614,022
Depreciation on disposals/write-off	-	-	(89,442)	(175,585)	(32,605)	(100,868)	(398,500)
Transfers	-	(5,718)	5,555	163	-	-	-
Transfers to investment properties	-	-	(17,083)	-	-	-	(17,083)
Translation adjustments	-	-	(1,310)	-	(6,896)	(500)	(8,706)
As at 31 December 2014	-	2,809	1,034,178	4,448,125	349,388	758,548	6,593,048



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)

	Consolidated financial statements (continued)						
	Land	Land improvement	Leasehold improvement, buildings and facilities	Machinery and equipment	Power plants	Others	Total
Allowance for impairment loss							
As at 1 January 2013	-	-	-	1,496	-	101	1,597
Increase during the year	-	-	-	496	-	4,932	5,428
Decrease during the year	-	-	-	(917)	-	(100)	(1,017)
As at 31 December 2013	-	-	-	1,075	-	4,933	6,008
Decrease from disposals	-	-	-	(1)	-	(7)	(8)
As at 31 December 2014	-	-	-	1,074	-	4,926	6,000
Net book value							
As at 31 December 2013	164,109	10,964	1,052,518	1,168,874	395,412	247,639	3,039,516
As at 31 December 2014	1,896,985	17,249	1,924,725	1,063,696	496,294	317,324	5,716,273
Depreciation for the year							
2013 (Baht 522 million included in manufacturing cost, and the balance in selling and administrative expenses)						601,742	
2014 (Baht 545 million included in manufacturing cost, and the balance in selling and administrative expenses)						614,022	



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)

	Separate financial statements				
	Land	Buildings and facilities	Machinery and equipment	Others	Total
Cost					
As at 1 January 2013	18,550	140,135	204,003	325,593	688,281
Additions	-	940	-	5,774	6,714
Disposals/write-off	-	-	(651)	(8,479)	(9,130)
As at 31 December 2013	18,550	141,075	203,352	322,888	685,865
Additions	-	995	-	8,083	9,078
Disposals/write-off	-	(2,702)	(40,280)	(34,267)	(77,249)
As at 31 December 2014	18,550	139,368	163,072	296,704	617,694
Accumulated depreciation					
As at 1 January 2013	-	129,488	203,086	282,984	615,558
Depreciation for the year	-	2,582	411	14,539	17,532
Depreciation on disposals/write-off	-	-	(647)	(7,236)	(7,883)
As at 31 December 2013	-	132,070	202,850	290,287	625,207
Depreciation for the year	-	1,873	-	9,823	11,696
Depreciation on disposals/write-off	-	(2,702)	(40,276)	(31,401)	(74,379)
As at 31 December 2014	-	131,241	162,574	268,709	562,524



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Thousand Baht)

Separate financial statements (continued)

	Land	Buildings and facilities	Machinery and equipment	Others	Total
Allowance for impairment loss					
As at 1 January 2013	-	-	917	100	1,017
Increase during the year	-	-	496	4,932	5,428
Decrease during the year	-	-	(917)	(100)	(1,017)
As at 31 December 2013	-	-	496	4,932	5,428
Decrease from disposals	-	-	(1)	(7)	(8)
As at 31 December 2014	-	-	495	4,925	5,420
Net book value					
As at 31 December 2013	18,550	9,005	6	27,669	55,230
As at 31 December 2014	18,550	8,127	3	23,070	49,750
Depreciation for the year					
2013 (included in selling and administrative expenses)				17,532	
2014 (included in selling and administrative expenses)				11,696	



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

As at 31 December 2014, the subsidiaries had equipment under finance lease agreements with net book values amounting to Baht 92 million (2013: Baht 133 million).

As at 31 December 2014, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 4,113 million (2013: Baht 3,965 million) and the Company only Baht 530 million (2013: Baht 562 million).

17. OTHER NON-CURRENT ASSETS

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Withholding tax	45,185	42,695	325	-
Leasehold	31,481	35,332	-	-
Others	65,297	42,039	3,529	4,956
Total other non-current assets	141,963	120,066	3,854	4,956

18. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	Interest rate (percent per annum)	(Unit: Thousand Baht)	
		Consolidated	
		financial statements	
		2014	2013
Bank overdrafts	Based on MOR	17,489	14,735
Short-term loans from financial institutions	Based on MLR	327,072	75,800
Total		344,561	90,535



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

19. TRADE AND OTHER PAYABLES

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade payables - related parties	36,324	37,339	26,118	28,166
Trade payables - unrelated parties	766,566	1,035,560	32,010	73,574
Other payables	175,214	102,757	561	515
Accrued expenses	265,596	236,476	17,909	19,370
Others	55,356	57,947	561	2,286
Total trade and other payables	1,299,056	1,470,079	77,159	123,911

20. LONG-TERM LOANS

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements	
			2014	2013
1. Loan from local bank	Based on MLR	Monthly installments from 2013 to 2014	-	156,150
2. Loan from local bank	Based on MLR	Six-month installments from 2014 to 2017	142,800	200,000
3. Loan from local bank	Based on MLR	Six-month installments from 2012 to 2017	55,000	75,000
4. Loan from local bank	Based on MLR	Annual installments from 2015 to 2018	340,000	-
Total			537,800	431,150
Less: Current portion			(177,200)	(233,350)
Long-term loans, net of current portion			360,600	197,800

The loan agreements contain several covenants which, among other things, require the subsidiaries to maintain debt-to-equity ratio and negative pledges on certain assets that are essential for the subsidiaries' operations.

As at 31 December 2014, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 360 million (2013: Baht 300 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

21. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

(Unit: Thousand Baht)

	Consolidated financial statements	
	2014	2013
Liabilities under finance lease agreements	105,865	148,701
Less: Deferred interest expenses	(3,117)	(6,179)
Total	102,748	142,522
Less: Portion due within one year	(62,614)	(73,455)
Liabilities under finance lease agreements - net of current portion	40,134	69,067

Computer Union Co., Ltd. (subsidiary) and Computer Union Systems Co., Ltd. (subsidiary) have entered into the finance lease agreements with leasing companies for rental of equipment for use in its operations, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	As at 31 December 2014	
	Less than 1 year	1 - 4 years
Future minimum lease payments	65	41
Deferred interest expenses	(2)	(1)
Present value of future minimum lease payments	63	40

(Unit: Million Baht)

	As at 31 December 2013	
	Less than 1 year	1 - 4 years
Future minimum lease payments	77	71
Deferred interest expenses	(4)	(2)
Present value of future minimum lease payments	73	69

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

22. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company as at 31 December 2014 and 2013, were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Present value of defined benefit obligation	393,498	377,743	27,269	31,795
Fair value of plan assets	(134,704)	(124,509)	(12,588)	(14,669)
Net defined benefit liability	258,794	253,234	14,681	17,126

Changes in present value of defined benefit obligation and fair value of plan assets were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Defined benefit obligation at beginning of year	377,743	337,211	31,795	30,823
Current service cost	27,949	26,675	1,181	1,166
Interest cost	12,271	12,195	797	774
Transferred from related company	-	694	-	-
Increased from business acquisition (Note 1.2)	6,799	-	-	-
Actuarial loss (gain)	-	19,687	-	(767)
Benefits paid during the year	(31,264)	(18,719)	(6,504)	(201)
Defined benefit obligation at end of year	393,498	377,743	27,269	31,795
Fair value of plan assets at beginning of year	124,509	113,283	14,669	13,023
Change in fair value	5,592	6,520	619	895
Transferred from related company	-	612	-	-
Contribution by the Company and its subsidiaries	19,662	13,670	844	1,017
Benefits paid during the year	(15,059)	(9,576)	(3,544)	(266)
Fair value of plan assets at end of year	134,704	124,509	12,588	14,669

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

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Plan assets comprise bank deposits, bonds, and equity and debt instruments in active market.

Long-term employee benefit expenses included in the profit or loss consist of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current service cost	27,949	26,675	1,181	1,166
Interest cost	12,271	12,195	797	774
Actuarial loss (gain) recognised during the year	-	19,687	-	(767)
Total expenses recognised in profit or loss	40,220	58,557	1,978	1,173

Line items in profit or loss under which such expenses are included

Cost of sales	27,522	38,520	-	-
Selling and administrative expenses	12,698	20,037	1,978	1,173

Key actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.7	3.7	3.7	3.7
Future salary increase rate (depending on age of employees)	3.5 - 6.5	3.5 - 6.5	3.5 - 6.5	3.5 - 6.5
Employee turnover rate (depending on age of employees)	0.0 - 30.0	0.0 - 30.0	0.0 - 30.0	0.0 - 30.0

The amounts of defined benefit obligations and experience adjustments for the current year and the past four years are as follows:

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
Year 2014	393,498	27,269	-	-
Year 2013	377,743	31,795	19,687	(767)
Year 2012	337,211	30,823	-	-
Year 2011	315,710	29,006	-	-
Year 2010	298,343	25,612	-	-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

23. THE COMPANY'S SHARES HELD BY ITS SUBSIDIARIES

This represents the acquisition cost of the 10,022,694 ordinary shares (3.34 percent of the total number of shares in issue) of the Company acquired and held by Saha-Union Holding Co., Ltd., Union Equity Co., Ltd. and Union Textile Industries Plc., subsidiaries.

24. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

However, the Company's regulations require the Company to set aside to the statutory reserve at least 10 percent of its net profit after deducting accumulated deficit brought forward (if any), until such reserve reaches at least 25 percent of the registered capital.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

25. BENEFIT AND GAINS ON DISPOSALS OF INVESTMENTS IN ASSOCIATES HELD FOR SALE

This benefit represented the amount of cash, which the Company received during the first quarter of the year 2013. The receipt transaction occurred before the Company completed registration of the three associates held for sale shares transfers to a non-related party in March 2013. The significant details of disposals are as the following:

(Unit: Thousand Baht)

Associates	Consolidated financial statements				Gains on disposals of investments recognised in the first quarter of 2013
	Selling price per contract	Consideration received in the first quarter of 2013 before registering share transfer	Total selling price and consideration	Carrying amount based on equity method until the date of investment classification	
Jiangsu-Union Cogeneration Group Co., Ltd.	1,503,038	634,937	2,137,975	2,000,632	137,343
Huanan-Union Spring Cogeneration Co., Ltd.	178,257	57,307	235,564	208,264	27,300
Yixing-Union Biochemical Co., Ltd.	221,126	84,550	305,676	296,598	9,078
Total	1,902,421	776,794	2,679,215	2,505,494	173,721
Less: Recognition of exchange differences on translation of financial statements in foreign currencies					(85,206)
Gains on disposals of investments - net					88,515

(Unit: Thousand Baht)

Associates	Separate financial statements			
	Selling price per contract	Carrying amount based on cost method	Gains on disposals of investments recognised in the first quarter of 2013	Consideration received in the first quarter of 2013 before registering share transfer
Jiangsu-Union Cogeneration Group Co., Ltd.	1,237,106	1,093,794	143,312	508,020
Huanan-Union Spring Cogeneration Co., Ltd.	128,772	96,602	32,170	41,307
Yixing-Union Biochemical Co., Ltd.	132,749	135,219	(2,470)	50,990
Total	1,498,627	1,325,615	173,012	600,317



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

26. EXPENSES BY NATURE

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Salary and wages and other employee benefits	1,474,495	1,299,137	59,839	59,632
Depreciation and amortisation expenses	655,230	690,679	19,333	81,960
Rental expenses from operating lease agreements	28,909	40,786	29	12,029
Transportation expenses	36,540	31,980	3,091	3,013
Raw materials and consumables used	2,988,008	2,945,756	-	-
Changes in inventories of finished goods and work in process	271,926	(116,883)	24,827	(46,133)
Losses on inventory write-off	33,566	-	-	-
Losses on property, plant and equipment write-off	20,717	2,330	-	-
Losses on impairment of investment properties	-	51,834	-	51,834
Losses on impairment of investments	50	41	105,017	-
Expenses of withholding tax write-off	35,067	119,888	35,067	119,888

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

27. INCOME TAX

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current income tax:				
Current income tax charge	111,019	131,334	907	7,381
Deferred tax:				
Relating to origination and reversal of temporary differences	10,786	75,289	11,776	81,951
Effects of changes in tax rates	-	(1,674)	-	-
Income tax expenses reported in the income statements	121,805	204,949	12,683	89,332

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Deferred tax on exchange differences from translating foreign currency financial statements	(41)	1,549	-	-
Deferred tax on gain (loss) from the change in value of available-for-sale investments	(12,300)	33,332	(7,254)	28,881
Total	(12,341)	34,881	(7,254)	28,881



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Accounting profit before tax	1,275,745	1,287,477	1,218,481	1,539,102
The separation of accounting profit before tax of the Company and its subsidiaries to each applicable tax rate are as the following:				
Exemption from corporate income tax	55	17	-	-
Applicable tax rate 16.5 percent	111,053	81,598	-	-
Applicable tax rate 20.0 percent	905,705	847,815	1,218,481	1,539,102
Applicable tax rate 25.0 percent	258,932	358,047	-	-
Accounting profit before tax multiplied by income tax rate	264,198	272,538	243,696	307,820
Effects of changes in the tax rates	-	(1,674)	-	-
Effects of:				
Promotional privileges	(48,989)	(19,371)	-	-
Tax exempt dividend revenue	(41,942)	(43,248)	(261,224)	(256,386)
Share of profit from investments in associates	(77,904)	(74,888)	-	-
Additional expense deductions allowed	(17,266)	(18,571)	(436)	(857)
Non-deductible expenses	36,575	65,636	7,858	27,420
Losses on impairment of assets	2,637	10,981	20,779	10,973
Gains on disposals of investment under equity method	6,278	27,370	-	-
Unrecognised deferred tax on deductible temporary differences and unused tax losses	20,510	579	-	-
Others	(22,292)	(14,403)	2,010	362
Total	(142,393)	(65,915)	(231,013)	(218,488)
Income tax expenses reported in the income statements	121,805	204,949	12,683	89,332

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated statement of financial position		Separate statement of financial position	
	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
Deferred tax assets				
Allowance for diminution in value of inventories	7,497	5,177	-	-
Accumulated depreciation - Plant and equipment	10,176	13,832	-	5,145
Provision for long-term employee benefits	48,802	47,294	2,020	2,334
Unused tax loss	14,625	21,834	-	-
Deferred income	14,737	11,267	-	-
Others	4,399	5,109	-	-
Total	100,236	104,513	2,020	7,479
Deferred tax liabilities				
Gain on re-measuring available-for-sale investments	91,453	80,402	82,237	74,984
Others	6,940	538	6,317	-
Total	98,393	80,940	88,554	74,984

As at 31 December 2014, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 261 million (2013: Baht 322 million), no deferred tax assets have been recognised on these amount as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

28. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares held by outside shareholders in issue during the year.

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Profit attributable to equity holders of the Company (Baht)	1,003,250,369	938,533,617	1,205,798,667	1,449,769,744
Weighted average number of ordinary shares (shares)	289,977,306	289,977,306	300,000,000	300,000,000
Basic earnings per share (Baht/share)	3.46	3.24	4.02	4.83

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

29. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have six reportable segments as follows:

- Textile segment, which is the contract manufacture and distribution of textile products and garments
- Plastic, rubber and metal segment, which is the manufacture and distribution of rubber, elastic products, finished elastic products, plastic products, vacuum bottles and stainless steel kitchenware
- Trading segment, which is the operation of a computer dealership
- Energy segment, which is power generation
- Hotel segment, which is the operation of hotel
- Investment and others segment, which is principally the operation of an investment business

No other operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Company and its subsidiaries' central administrative activities, financing activities (including finance costs and finance income) and income taxes are managed on a group basis. Therefore these income and expenses are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2014 and 2013, respectively.

(Unit: Million Baht)

	For the years ended 31 December															
	Textile segment		Plastic, rubber and metal segment		Trading segment		Energy segment		Hotel segment		Investment and others segment		Elimination of inter-segment revenues		Consolidated financial statements	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenues																
Revenue from external customers	1,153	1,269	4,992	4,695	2,635	2,905	648	533	242	-	16	16	-	-	9,686	9,418
Inter-segment revenues	16	15	-	-	1	1	-	-	-	-	11	9	(28)	(25)	-	-
Total revenues	<u>1,169</u>	<u>1,284</u>	<u>4,992</u>	<u>4,695</u>	<u>2,636</u>	<u>2,906</u>	<u>648</u>	<u>533</u>	<u>242</u>	<u>-</u>	<u>27</u>	<u>25</u>	<u>(28)</u>	<u>(25)</u>	<u>9,686</u>	<u>9,418</u>
Segment operating profit	59	113	637	616	215	270	217	125	80	-	11	14	-	-	1,219	1,138
Unallocated income and expenses:																
Dividend income															230	239
Rental income															43	163
Interest income															54	135
Other income															424	506
Selling expenses															(278)	(273)
Administrative expenses															(770)	(932)
Share of profit from investments in associates															390	374
Finance cost															(36)	(62)
Profit before income tax expenses															1,276	1,288
Income tax expenses															(122)	(205)
Non-controlling interests of the subsidiaries															(151)	(144)
Profit for the year															<u>1,003</u>	<u>939</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Below is the segment assets of the Company and its subsidiaries' operating segment as at 31 December 2014 and 2013

(Unit: Million Baht)

	As at 31 December															
	Textile segment		Plastic, rubber and metal segment		Trading segment		Energy segment		Hotel segment		Investment and others segment		Elimination of inter-segment revenues		Consolidated financial statements	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Current investments	25	40	128	133	-	-	-	-	-	-	417	453	-	-	570	626
Trade and other receivables	136	150	709	588	838	871	96	100	59	-	47	103	-	-	1,885	1,812
Inventories	180	293	741	604	114	348	16	3	2	-	24	46	-	-	1,077	1,294
Investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	5,115	2,250	(5,115)	(2,250)	-	-
Investments in associates	344	323	85	87	3	2	-	-	-	-	5,056	4,917	-	-	5,488	5,329
Other long-term investments	2	2	12	11	-	-	-	-	-	-	1,852	1,950	-	-	1,866	1,963
Investment properties	42	44	4	4	-	-	-	-	-	-	1,812	1,180	-	-	1,858	1,228
Property, plant and equipment	266	300	1,350	1,428	101	146	496	396	2,768	-	735	770	-	-	5,716	3,040
Unallocated assets	71	56	348	391	42	83	92	107	616	-	2,508	5,546	-	-	3,677	6,183
Total assets	1,066	1,208	3,377	3,246	1,098	1,450	700	606	3,445	-	17,566	17,215	(5,115)	(2,250)	22,137	21,475

Transfer prices between business segments are set out in Note 8 to the financial statements





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

	For the years ended 31 December	
	2014	2013
Revenue from external customers		
Thailand	4,393	4,693
Japan	3,430	2,872
China	651	753
United Kingdom	388	380
Others	824	720
Total	9,686	9,418

Major customer

For the year 2014, a subsidiary has revenue from one major customer in amount of Baht 2,833 million, arising from sales by the plastic, rubber and metal segment (2013: Baht 2,305 million derived from one major customer, arising from sales by the plastic, rubber and metal segment).

30. PROVIDENT FUND

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by BBL Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2014, the Company contributed Baht 1 million (2013: Baht 1 million) to the fund.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

31. DIVIDENDS

(Unit: Baht)			
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2012	Annual General Meeting of the shareholders on 25 April 2013	450,000,000	1.50
Total for 2013		450,000,000	1.50
Final dividends for 2013	Annual General Meeting of the shareholders on 24 April 2014	600,000,000	2.00
Total for 2014		600,000,000	2.00

32. COMMITMENTS AND CONTINGENT LIABILITIES

32.1 CAPITAL COMMITMENTS

As at 31 December 2014, the Company and its subsidiaries had capital commitments of Baht 88 million (2013: Baht 35 million) and the Company only amounting to Baht 9 million (2013: Nil), relating to the purchases of machinery and equipment, factory buildings and office buildings.

32.2 OPERATING LEASE COMMITMENTS

The subsidiaries have entered into several lease agreements in respect of the lease of land, office building space, motor vehicles and machinery and equipment. The terms of the agreements are generally between 1 and 20 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Million Baht)		
Consolidated financial statements		
As at 31 December		
	2014	2013
Payable:		
In up to 1 year	30	24
In over 1 and up to 5 years	11	14
In over 5 years	11	12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

32.3 COMMITMENT TO PURCHASE RAW MATERIALS

As at 31 December 2014, the Company had commitments to purchase raw materials with three overseas companies amounting to 2,760 Metric tons (2013: 1,200 Metric tons) with reference to contract prices. Deliveries of raw materials will occur within January to June 2015.

32.4 GUARANTEES

- 32.4.1 As at 31 December 2014, there were outstanding bank guarantees amounting to Baht 190 million (2013: Baht 242 million) issued by banks on behalf of the Company and its subsidiaries and the Company only amounting to Baht 2 million (2013: Baht 28 million) in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 157 million (2013: Baht 192 million) to guarantee contractual performance, Baht 26 million (2013: Baht 47 million) to guarantee electricity use and Baht 7 million (2013: Baht 4 million) to guarantee others.
- 32.4.2 The Company has provided guarantees in the ordinary course of business to a trade account payable against certain obligations of Computer Union Co., Ltd. (subsidiary), charging such company 1 percent of the guarantee amount as a fee. The outstanding guarantees as at 31 December 2014 were Baht 115 million (2013: Baht 115 million).
- 32.4.3 The Company has provided a guarantee to secure loan provided by a local commercial bank to The Royal Hotel Co., Ltd. (subsidiary) amounting to Baht 340 million.
- 32.4.4 Saha-Union Investment (China) Co., Ltd. (subsidiary) has provided a guarantee, proportionate to its shareholders, to secure loans provided by commercial banks in China to Shangyu Hangzhou-Union Cogeneration Co., Ltd. (associate), amounting to RMB 112 million (2013: RMB 150 million).
- 32.4.5 The Company has pledged all of its share certificates of Ratchaburi Power Co., Ltd. with a project loan lender as collateral for the loan to Ratchaburi Power Co., Ltd., proportionate to its shareholders in such company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

33. FINANCIAL INSTRUMENTS

33.1 FINANCIAL RISK MANAGEMENT

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, short-term loan to related parties, restricted investments, bank overdrafts and short-term loans from financial institutions, trust receipts, trade and other payables, deposits from related parties, liabilities under finance lease agreements and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans to related parties and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and short-term loan to related parties as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, loans to related parties, bank overdrafts, short-term borrowings, trust receipts, deposits from related parties, liabilities under financial lease agreements and long-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2014				
	Fixed interest rates				Total
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	
Financial assets					
Cash and cash equivalents	407	-	2,461	3	2,871
Current investments	-	-	570	-	570
Trade and other receivables	-	-	-	1,885	1,885
Short-term loans to related parties	-	-	7	-	7
Restricted investments	-	19	-	-	19
	407	19	3,038	1,888	5,352
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	-	-	345	-	345
Trust receipts	-	-	11	-	11
Trade and other payables	-	-	-	1,299	1,299
Deposits from related parties	-	-	58	-	58
Liabilities under finance lease agreements	63	40	-	-	103
Long-term loans	-	-	538	-	538
	63	40	952	1,299	2,354

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2013				
	Fixed interest rates				
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total
Financial assets					
Cash and cash equivalents	673	-	4,911	2	5,586
Current investments	-	-	626	-	626
Trade and other receivables	-	-	-	1,812	1,812
Short-term loans to related parties	-	-	318	-	318
Restricted investments	-	28	-	-	28
	673	28	5,855	1,814	8,370
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	-	-	91	-	91
Trust receipts	-	-	40	-	40
Trade and other payables	-	-	-	1,470	1,470
Deposits from related parties	-	-	12	-	12
Liabilities under finance lease agreements	73	69	-	-	142
Long-term loans	-	-	431	-	431
	73	69	574	1,470	2,186



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Million Baht)

	Separate financial statements		
	As at 31 December 2014		
	Floating interest rate	Non-interest bearing	Total
Financial assets			
Cash and cash equivalents	665	-	665
Trade and other receivables	-	202	202
Short-term loans to related parties	212	-	212
	877	202	1,079
Financial liabilities			
Trust receipts	6	-	6
Trade and other payables	-	77	77
Deposits from related parties	836	-	836
	842	77	919

(Unit: Million Baht)

	Separate financial statements		
	As at 31 December 2013		
	Floating interest rate	Non-interest bearing	Total
Financial assets			
Cash and cash equivalents	3,248	-	3,248
Trade and other receivables	-	208	208
Short-term loans to related parties	303	-	303
	3,551	208	3,759
Financial liabilities			
Trust receipts	36	-	36
Trade and other payables	-	124	124
Deposits from related parties	900	-	900
	936	124	1,060

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

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Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2014	2013	2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	26	12	6	7	32.9630	32.8136
Japanese yen	5	4	22	23	0.2738	0.3130
HK dollar	2	26	-	-	4.2516	4.2316
Euro	1	2	-	-	40.0530	45.0217

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2014					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	1	5	32.1900 - 33.1450	31.7400 - 33.1225	January 2015 - June 2015
Euro	-	2	-	40.9500 - 45.2900	February 2015 - June 2015
Japanese yen	-	10	-	0.2770	May 2015
As at 31 December 2013					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	4	25	31.1000 - 32.9900	29.2480 - 32.8500	May 2014 - June 2014
Euro	-	4	-	38.3800 - 44.1500	May 2014 - June 2014
Japanese yen	-	8	-	0.3145 - 0.3317	May 2014



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2014

33.2 FAIR VALUES OF FINANCIAL INSTRUMENTS

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value are not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

34. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholders value. As at 31 December 2014, the Group's debt-to-equity ratio was 0.15:1 (2013: 0.14:1) and the Company's was 0.07:1 (2013: 0.09:1).

35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2015.

AUDITOR'S REMUNERATION

AUDIT FEE

The auditors of the Company and its subsidiaries in the year 2014 were Mr. Termphong Opanaphan, Certified Public Account (Thailand) No. 4501 or Miss Thipawan Nananuwat, Certified Public Account (Thailand) No. 3459 or Mr. Krisada Lertwana, Certified Public Account (Thailand) No. 4958 of EY Office Ltd.

These auditors were independent and no relationship, and/or not a stakeholder with the Company or its subsidiaries, or executive, or major shareholder, or person related to the stated persons and were certified auditors obtaining approval from the Securities and Exchange Commission (SEC).

During the agenda of the auditor nomination in the Annual General Meeting of Shareholders, the Company proposed at least 3 auditors from the same office for consideration. The nominated auditors were completed qualifications as approved by the Securities and Exchange Commission and was declared their independency to the Shareholders as above.

In the fiscal year 2014, the Company and its subsidiaries have paid the audit fee to EY Office Ltd., totaled Baht 9,118,000.- The Company and its subsidiaries have not paid the audit fee to the auditor directly or to any person, or any business related to the auditor and other auditor office where the auditor was working for.

NON-AUDIT FEE

In 2014, the Company paid a non-audit fee to EY Corporate Services Ltd., a company under the common control with the same office of the Company's Auditors. The fee was Baht 150,000 for auditing valuation report of assets, which are involved in the acquisition of a hotel business by a Company's subsidiary. The audit was mandatory, according to the Accounting Standards, TFRS 3, Business Combinations. There were no remaining service works to be paid in the following year to the auditor or to the EY Office Limited, or to any person/business in connection with the auditor and the audit office where the auditor was working for.

PRINCIPLES OF CORPORATE GOVERNANCE

Section 1: Rights of Shareholders (page 61-63)

- 1.1 To encourage Shareholders to exercise their rights in attending and casting their votes by facilitating on the matters concerned;
- 1.2 The Company shall neither limit nor violate the rights of Shareholders;
- 1.3 To provide opportunities for its Shareholders to send questions in advance before the meeting;
- 1.4 An invitation letter to the Shareholders' Meeting and related documents would be sent to the Shareholders in advance at least 14 days;
- 1.5 The financial statements, summary of Company's performance, the latest annual report would be sent to the Shareholders;
- 1.6 Shareholders have the rights to determine the remunerations of the Company's Board of Directors in the Annual General Meeting (AGM);
- 1.7 The Company shall allow Shareholders to ask questions or express opinions in the Shareholders' Meeting;
- 1.8 Minutes of Shareholders' Meeting shall clearly record and disclose information through the Company's website;
- 1.9 No adding other agendas prior to notify the Shareholders in advance;
- 1.10 Free-float ratios;

Section 2: Equal Treatment to Shareholders (page 63-64)

- 2.1 Matters of Shareholders' Meeting attendance by proxies;
- 2.2 Voting rights;
- 2.3 Sending of data and documents to shareholders prior to the meeting date, with details shown in the Company's website;
- 2.4 Every Shareholders could propose the meeting agendas in advance for 4 months before the meeting date;
- 2.5 To announce how to cast a vote, use a ballot paper and counting votes;
- 2.6 Internal data usage;
- 2.7 Related transactions, reasons and necessities thereof;

Section 3: Consideration of Stakeholders Roles (page 65-66)

- 3.1 The rights of Shareholders beyond the basic legal rights;
- 3.2 Policy on against violation of human rights;
- 3.3 Policy on benefit of employees and develop skills and competency;
- 3.4 Policy on treatment to customers;
- 3.5 Policy on treatment to competitors;
- 3.6 Policy on treatment to business partners;
- 3.7 Policy on treatment to creditors;
- 3.8 Policy on the intellectual property;
- 3.9 Policy on the corruption and bribery;
- 3.10 Policy on the environmental protection and strictly complying with the legal requirements;
- 3.11 Responsibilities for the community and the society;

Section 4: Disclosure of Data and Transparency (page 66-68)

- 4.1 Complete, accurate and prompt disclosure of essential information;
- 4.2 Structure of shareholding;
- 4.3 List of the Board of Directors, shareholding, personal record and experiences;
- 4.4 Remunerations for individual directors;
- 4.5 Duty of the Board of Directors, included the sub-committee;
- 4.6 Policy on the Directors to report their stakes;
- 4.7 Related transactions;
- 4.8 Auditor's report;
- 4.9 Financial status information as well as the Management discussion and analysis;
- 4.10 Information of types of business operation, competition and trend of the businesses;
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- 4.12 A department and officer who responsible for investor relation;

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- 5.2 Business ethics;
- 5.3 Leadership and visions of the Board of Directors;
- 5.4 Aggregation and segregation between the Board of Directors and the Management;
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GENERAL INFORMATION

SAHA-UNION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

SAHA-UNION PUBLIC CO., LTD.

Company Registration No. 0107537000971

(Formerly Public Limited Company No. 344)

Head Office : 1828 Sukhumvit Road, Bangchak, Phraknong, Bangkok 10260, Thailand

Tel : (66-2) 311-5111-9, 332-5600

Fax : (66-2) 331-5668

www.sahaunion.co.th

The company is principally engaged in investment in textiles, plastic, rubber and metal, computer, hotel, energy and other business in the People's Republic of China, provide the financial services to the group companies, distribution of raw materials and product manufactured by the group companies, and the rental of property and real estate.

The company had a fully paid-up registered capital of Baht 3,000 million, divided into 300 million ordinary shares of Baht 10 each.

For more information, please visit the Securities and Exchange Commission's website at www.sec.or.th or the Company's website at www.sahaunion.co.th

OTHER REFERENCES

Securities Registrar

Thailand Securities Depository Co., Ltd.

62 The Securities Exchange of Thailand Building

Rajadapisek Road, Klongtoey, Bangkok 10110

Tel : (66-2) 229-2800, 654-5599

Fax : (66-2) 359-1259

Auditors

Mr. Termphong Opanaphan, Certified Public Account No. 4501 or Miss Thipawan Nananuwat, Certified Public Account No. 3459 or Mr. Krisada Lertwana, Certified Public Account No. 4958, who was a Certified Public Accountant approved from the Securities and Exchange Commission.

EY Office Limited

33rd Floor, Lake Rajada Office Complex

193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110

Tel : (66-2) 264-0777

Fax : (66-2) 264-0789, 661-9192

JURISTIC PERSONS OF WHICH THE COMPANY'S SHAREHOLDING EXCEED 10%

For each juristic person's quantity and type of issued shares, please see "Direct Investment Information of the Company",
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TEXTILE BUSINESS

- **Union Textile Industries Public Company Limited**
205 Moo 4 Sukhumvit Road Km. 39.5, Bangpoo Mai,
Samutprakarn 10280
Tel : (66-2) 323-1085-7 Fax : (66-2) 710-8808
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1828 Sukhumvit Road, Bangchak, Phrakanong,
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Branch : 205 Moo 4 Sukhumvit Road Km.39.5,
Bangpoo Mai, Samutprakarn 10280
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- **Union Spinning Mills Co., Ltd**
142 Soi Ladphrao 80 (Chantima), Ladphrao Road,
Wangthonglang, Bangkok 10310
Tel : (66-2) 514-7555, 530-0511-24
Fax : (66-2) 538-4247
- **Union Micronclean Co., Ltd.**
1828 Sukhumvit Road, Bangchak,
Phrakanong, Bangkok 10260
Branch 1: 205 Moo 4 Sukhumvit Road, Bangpoo Mai,
Samutprakarn 10280
Tel : (66-2) 745-6871, 745-6873 Fax : (66-2) 745-6874
- **Union Universe Co., Ltd.**
52/16-17 Soi Chareonkroong 41, Chareonkroong Road,
Seephraya, Bangrak, Bangkok 10500
Tel : (66-2) 266-2976-80 Fax : (66-2) 237-6468
- **Zhejiang Saha-Union Feilun Thread Industries Co., Ltd.**
No. 7, Hengshan Road, Jiashan County,
Economic Development Zone, Zhejiang Province, China
- **Union Zojirushi Co., Ltd.**
11/3, Soi Serithai 62, Minburi, Bangkok 10510
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Branch 1: 99 Moo 5 Bangna-Trad Km. 38, Bangsamak,
Bangpakong, Chachoengsao 24180
- **Union Stainless Steel Products Co., Ltd.**
11/2 Moo 14 Bangchan Industrial Estates, Serithai Road,
Minburi, Bangkok 10510
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- **Union Rubber Products Corp., Ltd.**
11/1 Moo 14 Bangchan Industrial Estates, Serithai Road,
Minburi, Bangkok 10510
Tel : (66-2) 919-9930 Fax : (66-2) 919-9931
Branch : 70/1 Moo 1, Saantung, Khao Saming, Trad Province
Tel : (66-39) 696-421
- **Thai Rubber Enterprise Co., Ltd.**
11/1 Moo 14 Bangchan Industrial Estates, Serithai Road,
Minburi, Bangkok 10510
Tel : (66-2) 919-9930 Fax : (66-2) 919-9931
Branch 1: 12 Moo 2, Thabsai,
Pong Nam Ron, Chantaburi Province
Tel : (66-39) 447-300
Branch 2: 70/2 Moo 1, Santeung, Khao Saming, Trad Province
Tel : (66-39) 696-423
- **Union Thai-Nichiban Co., Ltd.**
No. 12, Soi Serithai 62, Minburi, Bangkok 10510
Tel : (66-2) 517-0100-3 Fax : (66-2) 517-0104
- **Union Nifco Co., Ltd.**
99/11 Moo 5 Bangna-Trad Road, Bangsamak,
Bangpakong, Chachoengsao 24180
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PLASTIC, RUBBER AND METAL BUSINESS

- **Union Pioneer Public Company Limited**
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Fax : (66-2) 517-9056, 517-0345, 517-1016
Branch 1: 70/2 Moo 1, Santeung, Khao Saming, Trad Province
Branch 2: 99 Moo 5 Bangna-Trad Km. 38, Bangsamak,
Bangpakong, Chachoengsao 24180
- **Union Plastic Public Company Limited**
11/1 Moo 14 Bangchan Industrial Estates, Serithai Road,
Minburi, Bangkok 10510
Tel : (66-2) 517-0109-14 Fax : (66-2) 517-0529

TRADING BUSINESS

- **Computer Union Co., Ltd.**
1828 Sukhumvit Road, Bangchak,
Phrakanong, Bangkok 10260
Tel : (66-2) 311-5111-9, 311-6881-2
Fax : (66-2) 311-6889 (Server)
(66-2) 311-6869 (Purchasing)
Branch : 142/1-2 Soi Ladphrao 80 (Chantima),
Ladphrao Road, Wangthonglang, Bangkok 10310
Tel : (66-2) 530-0505
Fax : (66-2) 530-2940 (Customer Service)
(66-2) 530-1955 (Warehouse)
(66-2) 530-2388 (Installation Department)



ENERGY BUSINESS

- **Jiashan-Union Cogeneration Co., Ltd.**
No. 8, Hengshan Road, Jiashan County,
Economic Development Area, Zhejiang Province, China
- **Shangyu Hangzhou-Union Cogeneration Co., Ltd.**
No. 7, Wei Jiu Road, Shangyu Industrial Area,
Hangzhou Bay, Zhejiang Province, China
- **Yunnan Energy Luliang-Union Cogeneration Co., Ltd.**
Bamochong, Xiaobaihu Village, Cheng Xi Hua Si,
Luliang County, Yunnan Province, China
- **Ratchaburi Power Co., Ltd.**
1828 Sukhumvit Road, Bangchak,
Phrakanong, Bangkok 10260
Tel : (66-2) 311-5111-9 Fax : (66-2) 332-3882
Site : 245 Moo 6 Baan Rai Sub-district,
Damnoen Saduak District, Ratchaburi 70130
Tel : (66-32) 719-300 # 1000
Fax : (66-32) 719-300 #1090

HOTEL BUSINESS

- **The Royal Hotel Co., Ltd.**
1828 Sukhumvit Road, Bangchak,
Phrakanong, Bangkok 10260
Tel : (66-2) 311-5111-9 Fax : (66-2) 331-5668
Branch : No. 33, Naresdamri Road, Hua Hin,
Prachuap Khiri Khan 77110

INVESTMENT BUSINESS AND OTHERS

- **Saha Union Holding Co., Ltd.**
1828 Sukhumvit Road, Bangchak,
Phrakanong, Bangkok 10260
Tel : (66-2) 311-5111-9 Fax : (66-2) 331-5668
- **Venus Shoes Co., Ltd.**
1828 Sukhumvit Road, Bangchak,
Phrakanong, Bangkok 10260
Branch : 99 Moo 5 Bangna-Trad Road (Km. 38),
Bangsamak, Bangpakong, Chachoengsao 24180
Tel : (66-38) 842-108 Fax : (66-38) 842-109
- **Union Printing Corp., Ltd.**
1828 Sukhumvit Road, Bangchak, Phrakanong, Bangkok
10260
Tel : (66-2) 311-5111-9 Fax : (66-2) 331-5668

- **Union Equity Co., Ltd.**
1828 Sukhumvit Road, Bangchak,
Phrakanong, Bangkok 10260
Tel : (66-2) 311-5111-9 Fax : (66-2) 331-5668
- **Union Technology Co., Ltd.**
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Bangphra, Sriracha, Chonburi 20110
- **Union Energy Co., Ltd.**
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- **Union Energy (China) Co., Ltd.**
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- **Texport International Corp., Ltd.**
1828 Sukhumvit Road, Bangchak,
Phrakanong, Bangkok 10260
Tel : (66-2) 311-5111-9 Fax : (66-2) 331-5668
- **Union Human Resources Development Co., Ltd.**
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Phrakanong, Bangkok 10260
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- **Union Shoes Co., Ltd.**
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Bangsamak, Bangpakong, Chachoengsao 24180
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- **Saha-Union Property Co., Ltd.**
1828 Sukhumvit Road, Bangchak,
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- **Saha-Union Wealth Plus Co., Ltd.**
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- **Union Nakhon Co., Ltd.**
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Phrakanong, Bangkok 10260
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- **Uni-Fibre Co., Ltd.**
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- **Uni-Agro Co., Ltd.**
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Fax : (66-2) 538-3292
- **Union Thread Industries Co., Ltd.**
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