

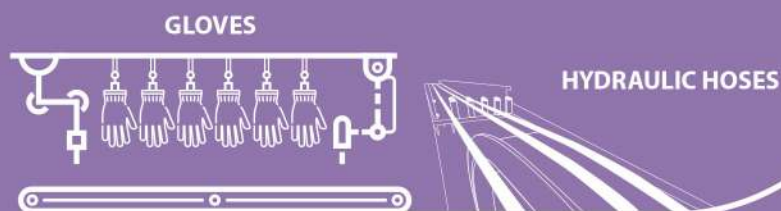
## *Rubber Plantations*



## *Natural Rubber Processing*



## *Finished Products*



# STA



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## Business Overview

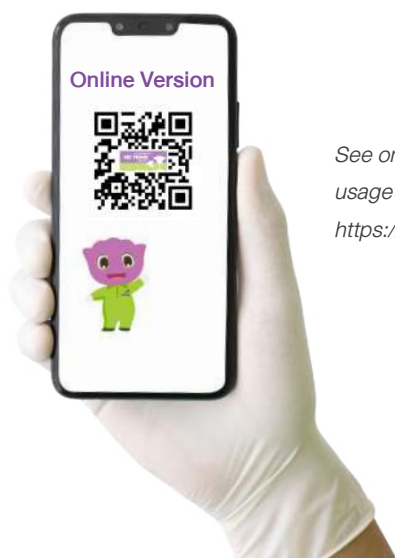
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<https://investor-th.sritranggroup.com/ar.html>

## Vision

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## Core Values

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## Specialist

We are the best in  
what we do.





We are committed to delivering to our shareholders, having regard to sustainable growth and reasonable, consistent returns to shareholders, the highest level of satisfaction.



We are committed to an environmentally sound approach to production, through which we strive to inspire satisfaction and confidence in our customers and suppliers.



We are committed to the practices of good corporate governance and to operating with fairness and transparency with a view to improving the living and working conditions of our stakeholders.



We are committed to providing our employees with a pleasant work environment, fair compensation and career advancement opportunities.



We are committed to minimizing the social and environmental impact of our operations and to the sustainable consumption of natural resources.

## Teamwork

We work with tireless determination together as a team.

## Accountability

We value honesty and have a strong sense of responsibility.



## Mission

The **natural rubber expansion** especially the great work of the past 10 years has pushed Sri Trang natural rubber manufacturing and distribution into the **No. 1 spot in the worldwide natural rubber industry**. Sri Trang has now the size, the economies of scale, depth and the dominance in the mid-stream supply chain and a force to be reckoned with in the natural rubber world for many years to come. To ensure profitability and sustainability and to continue with our successful **“Growth Strategy”**, Sri Trang has further integrated and expanded into the downstream rubber finished product. The successful take over and acquisition of “Siam Sempermed Corporation” has given Sri Trang an edge and opportunity of a lifetime to go full steam into the manufacturing of medical gloves. **The dream to complete the supply chain from top to bottom has finally come true** and everyone in Sri Trang should be extremely proud of this moment and full of joys with our achievement. A sincere thanks to the 1<sup>st</sup> generation of Sri Trang warriors!

The synergy in securing our own raw material supply such as latex to support and grow our downstream medical glove manufacturing and operation is vitally important. Not only will it guarantee the smooth and no shortage in supply of latex but also guarantee a fair and sustainable profit margin for the group to fuel further expansion.



# Genero



## **2<sup>nd</sup> generation, will take over the glove expansion,**

which will mirror that of our NR expansion. Glove will continue to grow and expand at least for the next 10 years. Though this time the expansion of glove will be very different from that of NR. Most of new factories and management will be moving towards more and more automations, more AI, sensors, digitalization and smarter factories. Human factor will become less important and robotics and logistics will be taking over eventually. In other words, our labor intensive glove industry will be taken over by smarter automated process and eventually end up in less human and more efficient operation.

It is, therefore, extremely important to understand that the job today may be obsolete and not be relevant in the future as new expectations and challenges arise. We will continue to invest in our human capital in generation 2 in new knowledge, skills and health. Continual to upgrade and innovate the new generation as the demands on their time will grow 100 fold in the coming years.

**"Gen 2"** scheme for 2019 is timely and top management is totally committed.

# ation 2

# Green Rubber Company

For over 30 years, Sri Trang Group has been operating in a socially and environmentally responsible manner and the symbol “Green” signifies our commitment to sustainability and transparency.

## “Taking a Step Forward as the Green Rubber Company”

### Green Procurement

We source raw materials from ethical suppliers with sustainable practices and strive to guide rubber farmers toward the sustainable management of rubber plantations.

### Green Company

In every aspect of our operations, we are guided by the belief that transparency is key to building trust and achieving long-term success. We also seek to make a positive difference to the local communities and foster long-lasting relationships through various forms of community engagement.







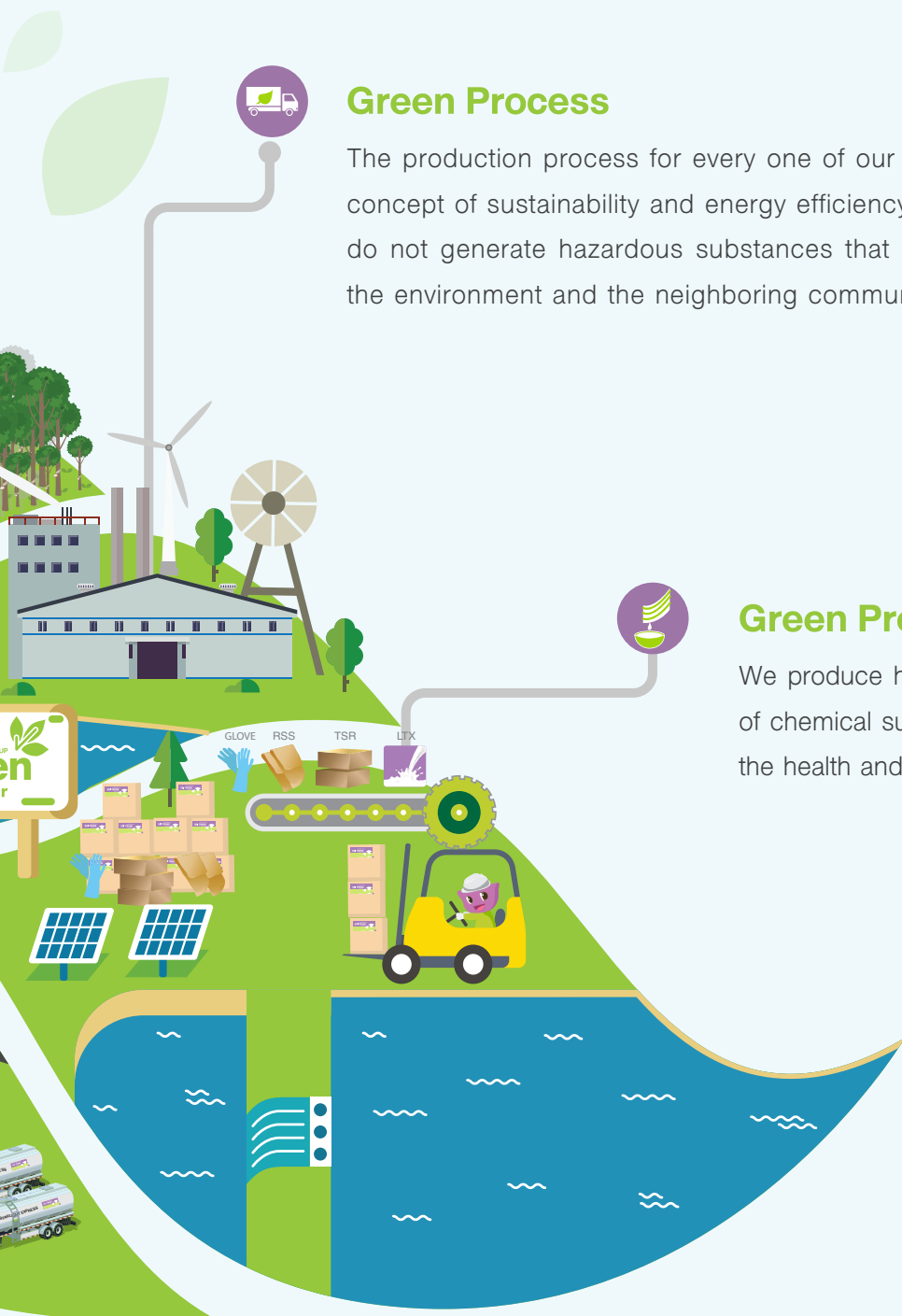
## Green Process

The production process for every one of our products is based on the concept of sustainability and energy efficiency. Our production facilities do not generate hazardous substances that cause adverse impact on the environment and the neighboring communities.



## Green Products

We produce high-quality products that are free of chemical substances that detrimentally affect the health and safety of end-users.





## Message from Chairman

Throughout 2019, the natural rubber industry had to contend with unceasing challenges, from the speculative activities in both the futures and physical markets and the implementation of the Agreed Export Tonnage Scheme (AETS) to the continued appreciation of Thai Baht against US Dollar. We also witnessed some of our industry peers succumbing to the extreme volatility in the natural rubber markets. We ourselves have had to battle many challenges throughout the over 30 years that we have been operating. Yet we can still keep a firm grip on our position as the natural rubber industry's leading company despite the incessantly inhospitable industry climate.

One notable development this year is that in July 2019, Sri Trang Group received from the Forest Stewardship Council (FSC) the Forest Management Certification and the Chain of Custody Certification. The recognition allows us to distinguish ourselves as **the world's first natural rubber producer with FSC certification throughout the supply chain**. Another important development is that in October 2019, we unveiled the **"STA FRIENDS"** application, which marked the first time in the history of Thailand's natural rubber industry that the purchase of natural rubber as a raw material took place on a mobile phone application. The launch of the application, which has thus far received overwhelmingly positive response from rubber farmers and suppliers, testifies to our strategy to utilize innovation and technology to guide Thailand's natural rubber industry toward sustainable development.

The past year also saw the continued growth of our glove business, which has been thriving since we took total control of it in 2017. We are unique among the global glove producers in that we enjoy the synergy between our glove and our natural rubber operations through our access to quality concentrated latex from our own processing plants. Our glove operation reached an important milestone this year when, on 1 April 2019, we completed the amalgamation of Sri Trang Gloves (Thailand) Company Limited and Thaikong Public Company Limited, a glove producer in the province of Trang with 4 billion pieces per year in production capacity. The amalgamation resulted in

the present Sri Trang Gloves (Thailand) Public Company Limited ("STGT"). In addition, we also embarked on a capacity expansion at our facilities in the provinces of Songkla and Surat Thani called the organic growth. As a result, at the end of 2019 our installed production capacity increased to 27 billion pieces per year, moving us to the position of the world's third largest glove producer.

*Going forward, we remain committed to the fully integrated business model throughout the supply chain and stand to benefit from the global growth in demand for gloves. For our natural rubber operations, we will maintain our current production capacity at 2.86 million tons per year but will strive to increase sales volume and profit margin. For the glove business, we intend to increase our installed production capacity to over 33 billion pieces per year within 2020. We will also launch an initial public offering (IPO) for the shares of STGT, which will list on the Stock Exchange of Thailand in the second half of this year, and will use the proceeds to further expand our production capacity to 50 billion pieces per year within 2025.*

Lastly, I would like to extend my thanks to our shareholders, business partners, and customers who have given us support throughout the year. I would also like to thank our employees for their dedication to Sri Trang Group. I assure everyone that Sri Trang Group is committed to operating under the principles of good corporate governance and corporate social responsibility with an eye toward sustainable development and reinforcing our position as **the world's leading fully integrated natural rubber company**.

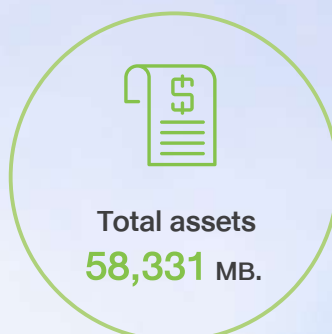
**Mr. Viyavood Sincharoenkul**

*Chairman and Managing Director*





# Financial Highlights



(UNIT : Baht million)

FY 2015

FY 2016

FY 2017

FY 2018

FY 2019

## STATEMENT OF COMPREHENSIVE INCOME

Revenue from sale of goods and services	61,292	77,266	89,387	73,136	<b>60,286</b>
EBITDA	3,008	794	1,611	5,716	<b>3,274</b>
Profit (loss) before tax	1,143	(1,073)	(1,398)	2,406	<b>(68)</b>
Profit (loss) attribute to owners of the Company	1,118	(758)	(1,437)	2,064	<b>(149)</b>

## STATEMENT OF FINANCIAL POSITION

Total assets	43,879	55,959	59,708	58,414	<b>58,331</b>
Total liabilities	22,545	36,047	36,431	32,003	<b>32,842</b>
Total equities	21,334	19,912	23,277	26,411	<b>25,488</b>

## FINANCIAL RATIOS

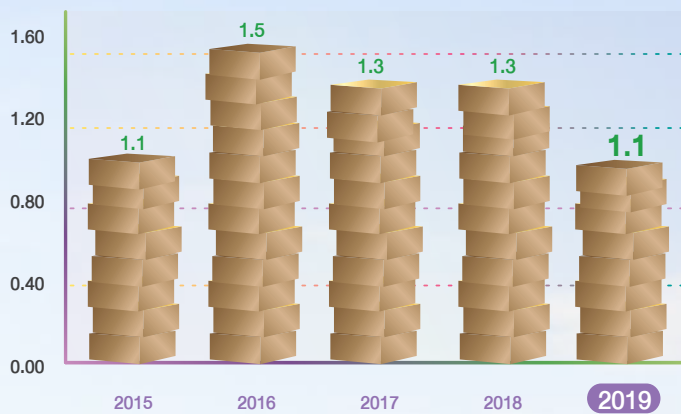
Gross profit margin (%)	5.7	7.0	4.2	9.8	<b>8.1</b>
Net profit margin (%)	1.8	(1.0)	(1.6)	2.8	<b>(0.3)</b>
Current ratio (times)	1.2	1.0	1.1	1.1	<b>1.0</b>
Net debt to equity ratio (times)	1.0	1.7	1.5	1.1	<b>1.2</b>

Note : The financial ratio is calculated referred to the guideline of Form 56-1 preparation.





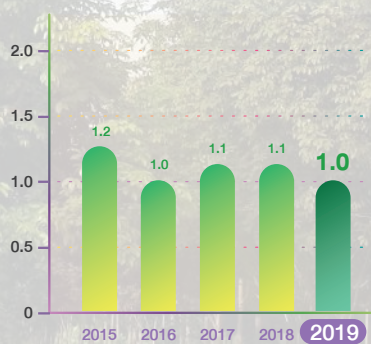
**Sales Volume of Natural Rubber Products**  
(Million Tons)



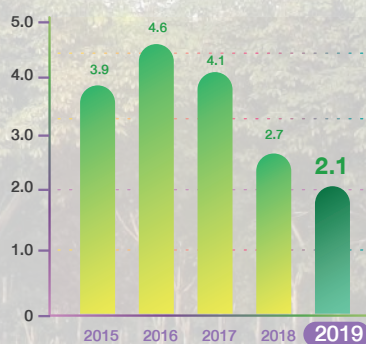
**Sales Volume of Gloves**  
(Billion Pieces)



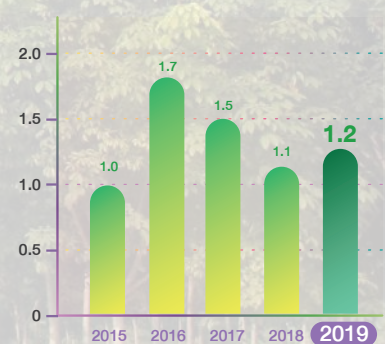
**Current Ratio (Times)**



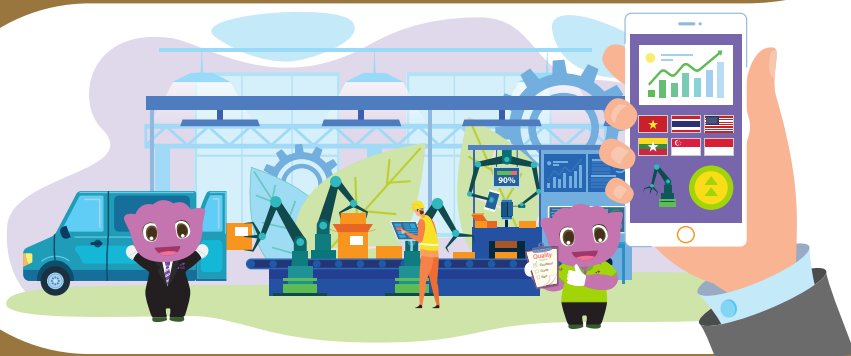
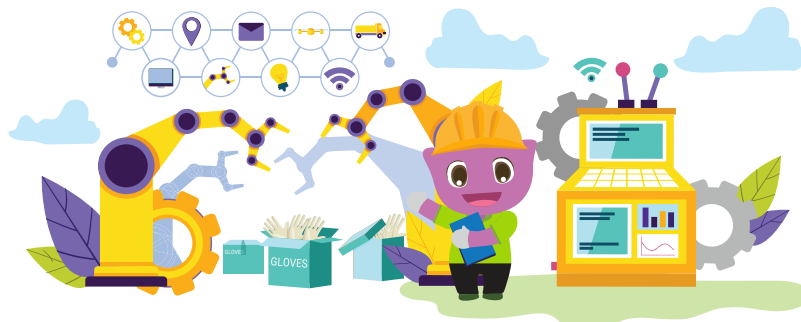
**Fixed Asset Turnover (Times)**



**Net Debt to Equity (Times)**



# Total Green Process from Upstream through Downstream





# The World's Leading Fully Integrated Natural Rubber Company

## Upstream

*Our approximately 7,200 hectares of rubber plantations in 19 provinces of Thailand*

## Midstream

Our 36 natural rubber processing facilities in Thailand, Indonesia and Myanmar provide a total of 2.86 million tons per annum in production capacity.

## Downstream

*Our state of the art technology production facilities in Thailand-- in Songkhla, Surat Thani, and Trang provinces --produce medical and general purpose gloves from both latex and nitrile and have a total of 27 billion pieces per annum in installed capacity.*

## Sales and Distribution

Our 6 sales offices are located in strategic locations, namely Thailand, Indonesia, Singapore, China, Vietnam, and USA.



Sri Trang Agro-Industry Public Company Limited ("STA") is the world's leading fully integrated natural rubber company with a market share of 8% of global natural rubber consumption. STA produces a full range of natural rubber products, from Technically Specified Rubber (TSR) and Ribbed Smoked Sheets (RSS) to Concentrated Latex with a total production capacity of 2.86 million tons per annum. STA is also Thailand's largest and the world's leading glove producer with a market share of 7% of global natural rubber consumption. Our main glove products are Natural Latex Gloves and Nitrile Gloves with a total installed capacity of 27 billion pieces of gloves per annum. Moreover, we have also established a joint venture that is Thailand's largest manufacturer of high-pressure hydraulic hoses.



# Multi-National Platform

## Natural Rubber



**80%** of Revenues from sales of goods and services in 2019

**1.1 Million tons** of natural rubber products sold in 2019

**8%** Market share of global natural rubber consumption in 2019



**36** Processing facilities of natural rubbers in Thailand, Indonesia, and Myanmar

**2.86** Million tons per annum in natural rubber processing capacity as of December 2019

**22%** of Thailand natural rubber production volume in 2019

## America



**USA**

• Sri Trang USA





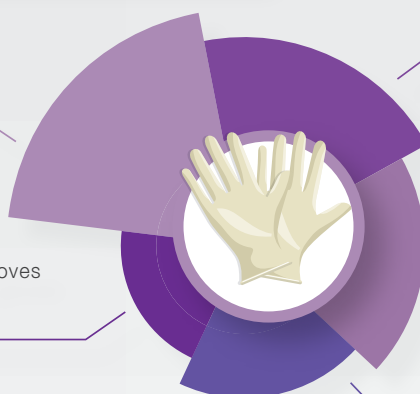


## Gloves

**20%** of Revenues  
from sales of goods and services in 2019

**19.9** Billion pieces  
of gloves sold in 2019

**7%** Market share of global gloves  
consumption in 2019



**3** Factory locations in Thailand,  
the world largest source of  
concentrated latex

**27** Billion pieces installed  
capacity per annum as of  
December 2019

Exporting to  
**130** countries worldwide

## Asia

### China

- Shi Dong Shanghai
- Shi Dong Shanghai Medical Equipment

### Vietnam

- Sri Trang Indochina

### Indonesia

- PT Sri Trang Lingga
- PT Star Rubber

### Myanmar

- Sri Trang Ayeyar

### Singapore

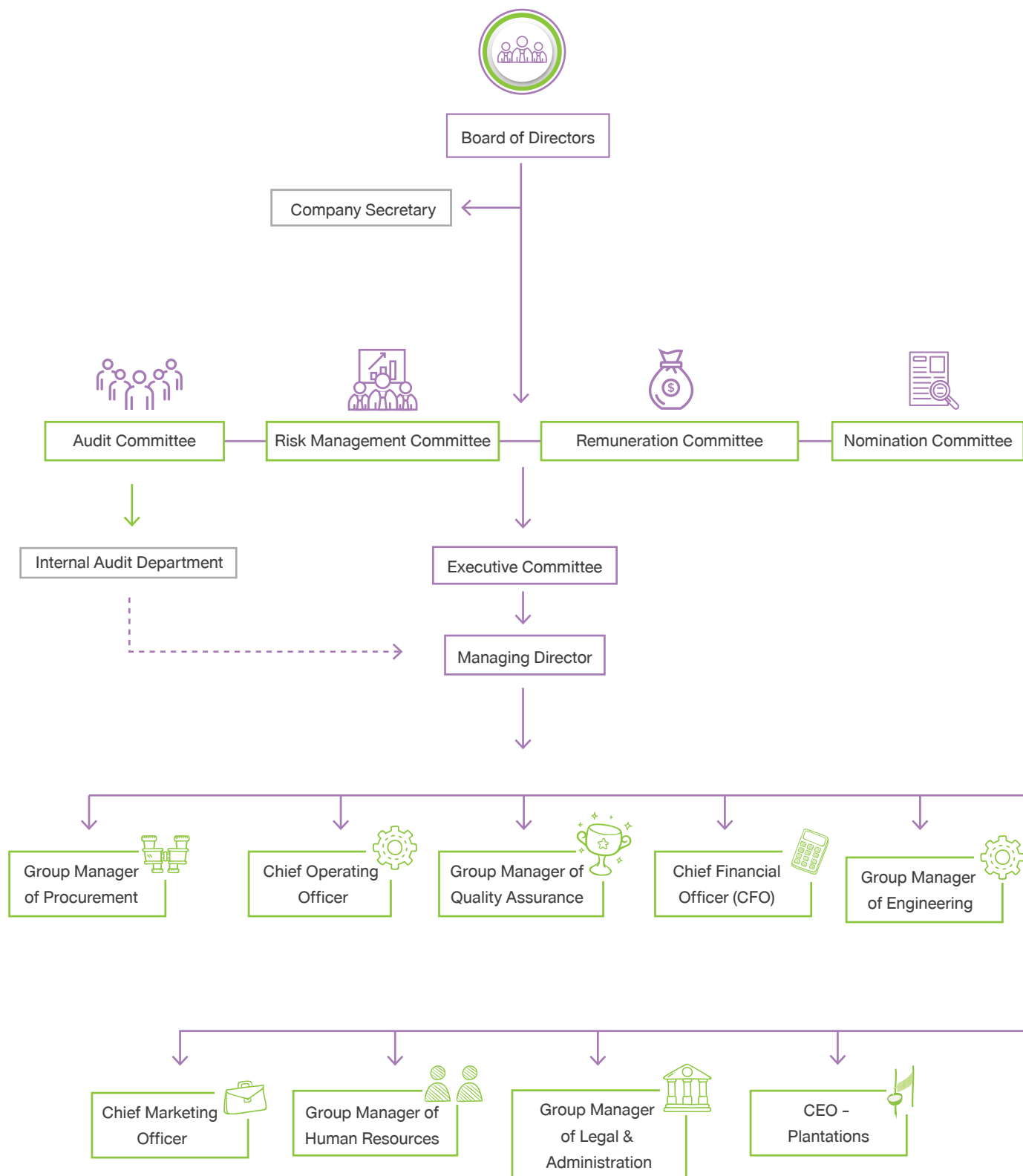
- Sri Trang International
- Shi Dong Investments

### Thailand

- Sri Trang Gloves (Thailand) PLC.
- Nam Hua Rubber
- Anvar Parawood
- Premier System Engineering
- Rubberland Products
- Semperflex Asia
- Sadao P.S. Rubber
- Starlight Express Transport
- Startex Rubber
- Thaitech Rubber
- Pattana Agro Futures
- Sri Trang Rubber and Plantation
- Sri Trang IBC
- Thai Rubber Joint Venture Limited



# Corporate Structure



# Business Overview

Established in 1987, Sri Trang Agro-Industry Public Company Limited (STA) is the world's leading fully integrated natural rubber company with a market share of 8% of global natural rubber consumption. STA's operations span all sectors of the natural rubber industry, from rubber plantations and rubber processing to glove production.

In the upstream, we own approximately 7,200 hectares of rubber plantations that are located in 19 provinces of Thailand.

In the midstream, our 36 processing facilities are located in Thailand and Indonesia, the world's second largest natural rubber-producing countries, as well as in Myanmar, a country with strong potential for rubber production. Together they produce a complete range of natural rubber products, from Technically Specified Rubber (TSR) and Ribbed Smoked Sheets (RSS) to Concentrated Latex and



have a total production capacity of 2.86 million tons per annum.

In the downstream, through our subsidiary, Sri Trang Gloves (Thailand) PLC., we produce medical examination gloves and industrial gloves and distribute them to customers around the world. Our products can be broadly categorized into powdered latex gloves, powder-free latex gloves and nitrile gloves. With cutting-edge production facilities located in Songkhla, Surat Thani and Trang and a total installed capacity of 27 billion pieces of gloves per annum, we are the largest glove producer in Thailand and is ranked among the world's leading glove producers with a

market share of 7% of global glove consumption. In addition to glove production and distribution, we are also part of a joint venture that is Thailand's largest manufacturer of high-pressure hydraulic hoses for industrial purposes.

Additionally, we have various subsidiaries that provide operational support for our core businesses, from research and development to logistics to rubberwood processing.

STA is the first and the only Thai rubber company that is dually listed on both the Stock Exchange of Thailand (SET) and the Singapore Exchange (SGX).

## Fully Integrated

### Natural Rubber Company

- Approximately 7,200 hectares of rubber plantations
- 2.86 million tons per annum in natural rubber processing capacity
- 27 billion pieces per annum in glove installed capacity

# Company Milestones

**April 1987**

Commenced operation as producer of ribbed smoked sheets in Hat Yai, Thailand with Baht 31 million in registered capital.

**October 1987**

Established Anvar Parawood to produce rubberwood used for making furniture, and to produce pallets to be used within Sri Trang Group.

**March 1988**

Established Rubberland Products to produce concentrated latex, the Group's first production facility for concentrated latex.

**January 1989**

Jointly established SSC (Presently called Sri Trang Gloves (Thailand) PLC.) with an Austria-based company to produce latex examination gloves.

**March 1990**

Jointly established Thai Tech Rubber with Southland Rubber Co., Ltd and Itochu Corporation Limited to produce TSR block rubber.

**April 2002**

Established Sri Trang International in Singapore, the natural rubber purchasing hub, to manage global distribution of the Group's natural rubber products.

**March 2004**

Established Sri Trang USA to manage distribution of the Group's natural rubber products in USA and Canada.

**October 2004**

Established PT Sri Trang Lingga, the Group's first natural rubber procurement center and production facility outside of Thailand.

**December 2007**

Established Sri Trang Rubber & Plantation to hold ownership of and manage rubber plantations.

**October 2013**

Jointly established Sri Trang Ayeyar with Ayeyar Hinthar Holdings Company Limited to expand the Group's natural rubber processing operations into Myanmar.

**December 2013**

Established Sri Trang Indochina in Ho Chi Minh, the Group's first subsidiary in Vietnam, to manage sales and exports of natural rubber products in Vietnam.

**April 2016**

STA increased its investment in Thai Tech Rubber from 33.5% to 42.5% via share purchase from Itochu Corporation Limited.

**March 2017**

STA and the Austria-based company completed the demerger of the joint venture and associate companies\*. The demerger resulted in STA increasing its shares in Siam Sempermed Corporation which was subsequently renamed Sri Trang Gloves (Thailand) Co., Ltd to 90.2% of the total shares.

**August 1991**

Filed for an initial public offering (IPO) of shares in Thailand and listed the shares on the SET.

**January 1994**

Established Starlight Express Transport to provide logistics support for the Group.

**September 1995**

Established Startex Rubber to hold ownership of and manage rubber plantations in the southern region of Thailand.

**January 1996**

Acquired Premier System Engineering to provide support for research and development and to provide engineering services to the Group.

**March 1996**

Jointly established Semperflex Asia with an Austria-based company to produce high-pressure hydraulic hoses.

**August 2009**

Acquired PT Star Rubber, the Group's second production facility for TSR block rubber in Indonesia.

**August 2010**

Expanded operations in the PRC by establishing Shi Dong Shanghai, the Group's first subsidiary in the PRC.

**January 2011**

Filed for a public offering of newly issued shares in Singapore and listed the shares on the SGX-ST, becoming the first dually listed rubber company in Thailand.

**SGX**  
SINGAPORE EXCHANGE



#### October 2017

STA offered the allotment of newly-issued ordinary shares to existing shareholders in proportion to their respective shareholding (Rights Offering), with the ratio of 5 existing ordinary shares for 1 newly-issued ordinary share at the offering price Baht 10 per share. As the result of this, the paid-up capital was increased from Baht 1,280,000,000 to Baht 1,535,999,998.

#### March 2018

Sri Trang Rubber & Plantation increased its registered capital from Baht 6,227,500,000 to Baht 6,555,000,000 to invest in its rubber plantation.

#### August 2018

Startex Rubber increased its registered capital from Baht 2,114,898,000 to Baht 2,635,000,000 for the purpose of increasing the registered share capital of Shi Dong Shanghai Medical Equipment to expand glove distribution business in China.

STA's BOD meeting resolved to approve the investment in Thaikong PLC. ("TK"), which runs the rubber gloves manufacturing business in Thailand, by the amalgamation of TK and Sri Trang Gloves (Thailand) Co., Ltd.

#### April 2019

The Amalgamation between Sri Trang Gloves (Thailand) Co., Ltd. and Thaikong PCL. completed and transformed to be **Sri Trang Gloves (Thailand) PLC**, which STA holds 81.1% of the total shares.

Sri Trang Rubber & Plantation increased its registered capital from Baht 6,555,000,000 to Baht 6,755,000,000 to invest in its rubber plantation.

#### June 2019

Established Sri Trang IBC with Baht 10,000,000 in registered capital to operate in the provision of technical, innovation, information, and advisory services.

#### June and September 2019

The restructuring of Shi Dong Shanghai Medical Equipment and Sri Trang USA, located in in the PRC and the U.S. respectively, by selling all shares to Sri Trang Gloves (Thailand) PLC. to exclusively operate the glove business

#### March 2017

Startex Rubber established a subsidiary, Shi Dong Medical Equipment, in the PRC with USD 1,650,000 in registered capital to manage the sales and distribution of gloves in the PRC.

#### June 2017

Sri Trang USA increased its registered capital from USD 2,000,000 to USD 3,000,000 to expand the distribution of gloves and medical equipment in USA and Canada.

#### July 2017

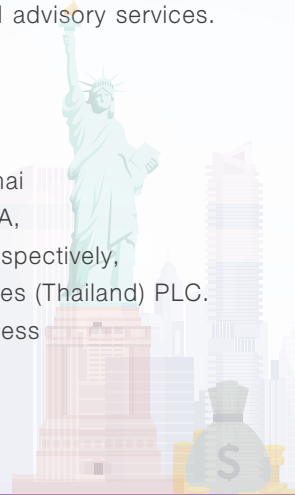
STA jointly established Thai Rubber Joint Venture Limited with the Rubber Authority of Thailand (RAOT) and four other natural rubber producers and exporters following the government policy to engage in the domestic and international trade of rubber with Baht 1,200,000,000 in registered capital, with STA investing in the portion of 16.67% and already paid for 50% of the investment.

#### December 2018

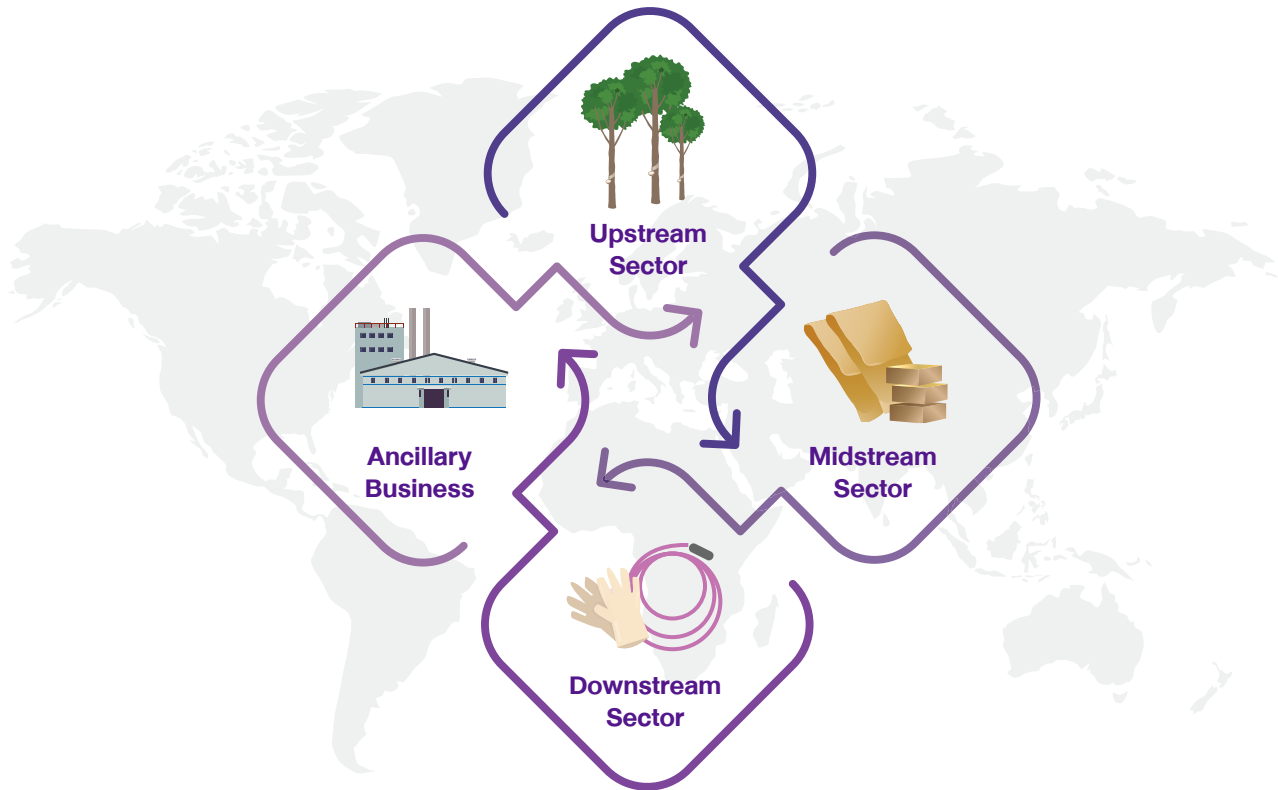
Sri Trang USA, paid the remaining of increase in its registered capital from USD 3,000,000 to USD 5,000,000 for support the expansion of glove business in USA and other countries.

#### Notice :

\* with the exception of Semperflex Asia, which will continue to operate as a joint venture company until Semperit Technische Produkte exercises the call option to buy the shares from STA and other shareholders between 2019 and 2021.



## Products and Services



### Upstream Sector

#### Rubber Plantations

As of 31 December 2019, we had approximately 7,200 hectares of rubber plantations in 19 provinces of Thailand, with the majority located in the north and northeast. We planted rubber trees and some lots have been providing yields since 2015, facilitating the raw material sourcing for our midstream operations. We estimate that in 2019, the rubber trees that can be tapped would account for 25% of total rubber trees, up from 11% in 2018, a development that would benefit our core business in the midstream.

Moreover, on July 2019, STA group received the certification from FSC™ (Forest Stewardship Council™) on FSC-FM (Forest Management Certification) and FSC-COC (Chain-of-Custody Certification) which makes us become **the World's First FSC-Certified Fully Integrated Natural Rubber Company.**







## Midstream Sector

### Natural Rubber Processing

As of 31 December 2019, Sri Trang Group had a total of 36 production facilities, of which 32 are located in Thailand, three in Indonesia, and one is in Myanmar. Altogether, the facilities provided a total engineering capacity of approximately 2.86 million tons per annum. In 2019, our utilization rate was at approximately 55% of total production capacity. Natural rubber processing is the core business of Sri Trang Group, accounting for about 80% of the Group's total revenues in 2019. We produce a complete range of natural rubber products, namely, Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS) and Concentrated Latex to serve demand from all types of customers including tire manufacturers and glove producers from all over the world.







The raw materials that are used in the production of TSR, RSS and Concentrated Latex are cup lump, unsmoked rubber sheets and field latex, respectively. Because raw materials accounted over 90% of our production costs, we have established procurement centres in the vicinity of raw material sources. Moreover, we have launched the application called “STA FRIENDS” for buying raw materials from rubber farmers in Thailand. This application helps facilitate and create a new experience for all rubber suppliers to sell rubber anywhere and anytime which considered as a disruptor in rubber trading business for the sustainable rubber industry in Thailand.



**Technically Specified Rubber (TSR)**

### Product Type

Produced in Thailand:

- STR
- STR CV
- STR Mixture

Produced in Indonesia:

- SIR
- SIR Mixture

Produced in Myanmar:

- Myanmar Block Rubber

### Use

Raw material for the manufacture of automotive tires.



**Ribbed Smoked Sheets (RSS)**

### Product Type

- 5 grades of RSS: RSS1, RSS2, RSS3, RSS4 and RSS5
- ADS (Air-Dried Sheets)
- RSS 1XL

### Use

Raw material for the manufacture of automotive tires and automotive parts, belts, pipes and shoes, etc.



**Concentrated Latex**

### Product Type

60% Concentrated Latex

- HA – High Ammonia Latex
- MA – Medium Ammonia Latex
- LA – Low Ammonia Latex
- Double Centrifuge Latex

### Use

Raw material for the manufacture of examination gloves, condoms, elastic and adhesives, etc.



## Downstream Sector

Sri Trang Group produces two finished products, namely examination gloves and high-pressure hydraulic hoses.

### Examination Gloves

Sri Trang Gloves (Thailand) PLC. (STGT), a subsidiary of STA, produces a wide variety of medical examination gloves, industrial gloves, and general purpose gloves from both latex and nitrile rubber. The gloves are available powdered or powder-free to suit various uses and user preferences. In addition to supplying products as an OEM (Original Equipment

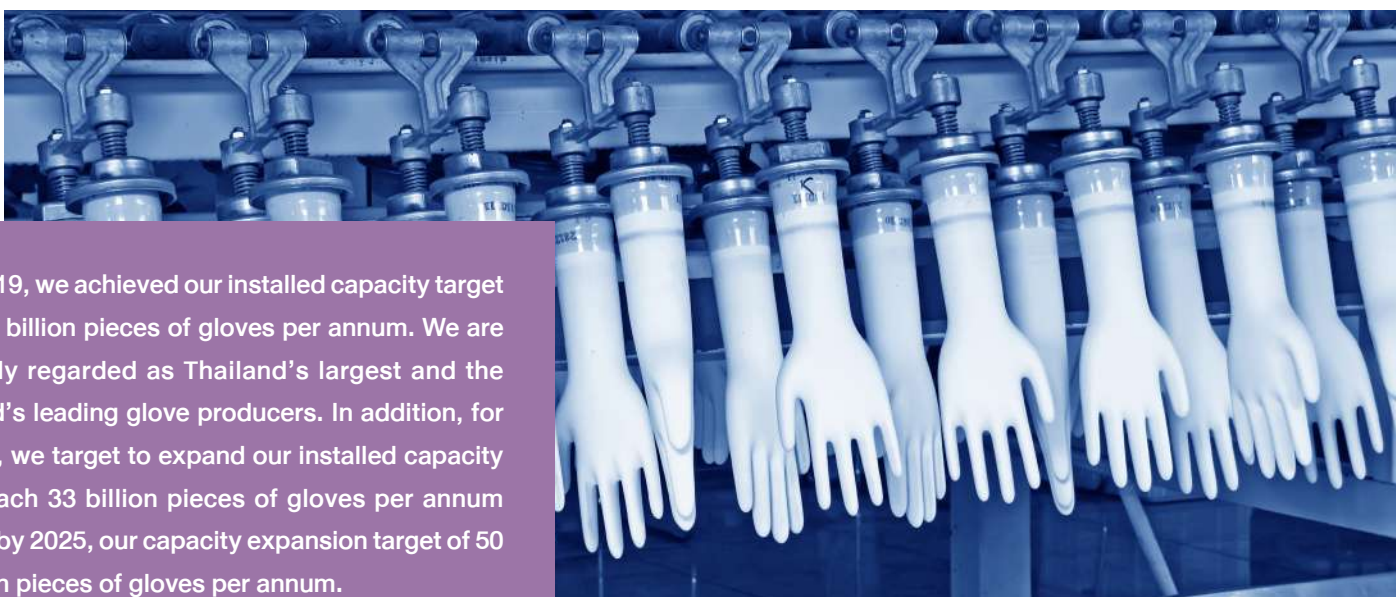
Manufacturer), we also market and distribute our products under our own **“Sri Trang Gloves”** brand, both in the domestic and overseas markets.

In 2019, we achieved our installed capacity target of 27 billion pieces of gloves per annum which produced latex and nitrile gloves in the proportion of 67 and 33, respectively. We are widely regarded as Thailand’s largest and the world’s leading glove producers. Our glove product is one of the key products driving the Group’s revenue and net profit, accounting for about 20% of the Group’s total revenues in 2019.



### High-pressure Hydraulic Hoses

Semperflex Asia, jointly established by STA and an Austria-based company, is Thailand’s largest producer of high-pressure hydraulic hoses, which are widely used in the heavy industry.



In 2019, we achieved our installed capacity target of 27 billion pieces of gloves per annum. We are widely regarded as Thailand’s largest and the world’s leading glove producers. In addition, for 2020, we target to expand our installed capacity to reach 33 billion pieces of gloves per annum and, by 2025, our capacity expansion target of 50 billion pieces of gloves per annum.



# Ancillary Business

Our subsidiaries within this division provide operational support to our primary operations.



## Sales and Distribution

We have established four trading and distribution centres for natural rubber and gloves in Singapore, PRC, US and Vietnam namely Sri Trang International, Shi Dong Shanghai, Shi Dong Shanghai Medical Equipment, Sri Trang Indochina, and Sri Trang USA.

## Logistics

Starlight Express Transport provides transportation and logistical services in Thailand and also handles export/import customs and documentation.



## Engineering and Research & Development

Premier System Engineering provides machinery and equipment maintenance services to all of Sri Trang Group's production facilities and also conducts research and development activities including devising new technologies and customising products to customers' specifications.

## Parawood Processing

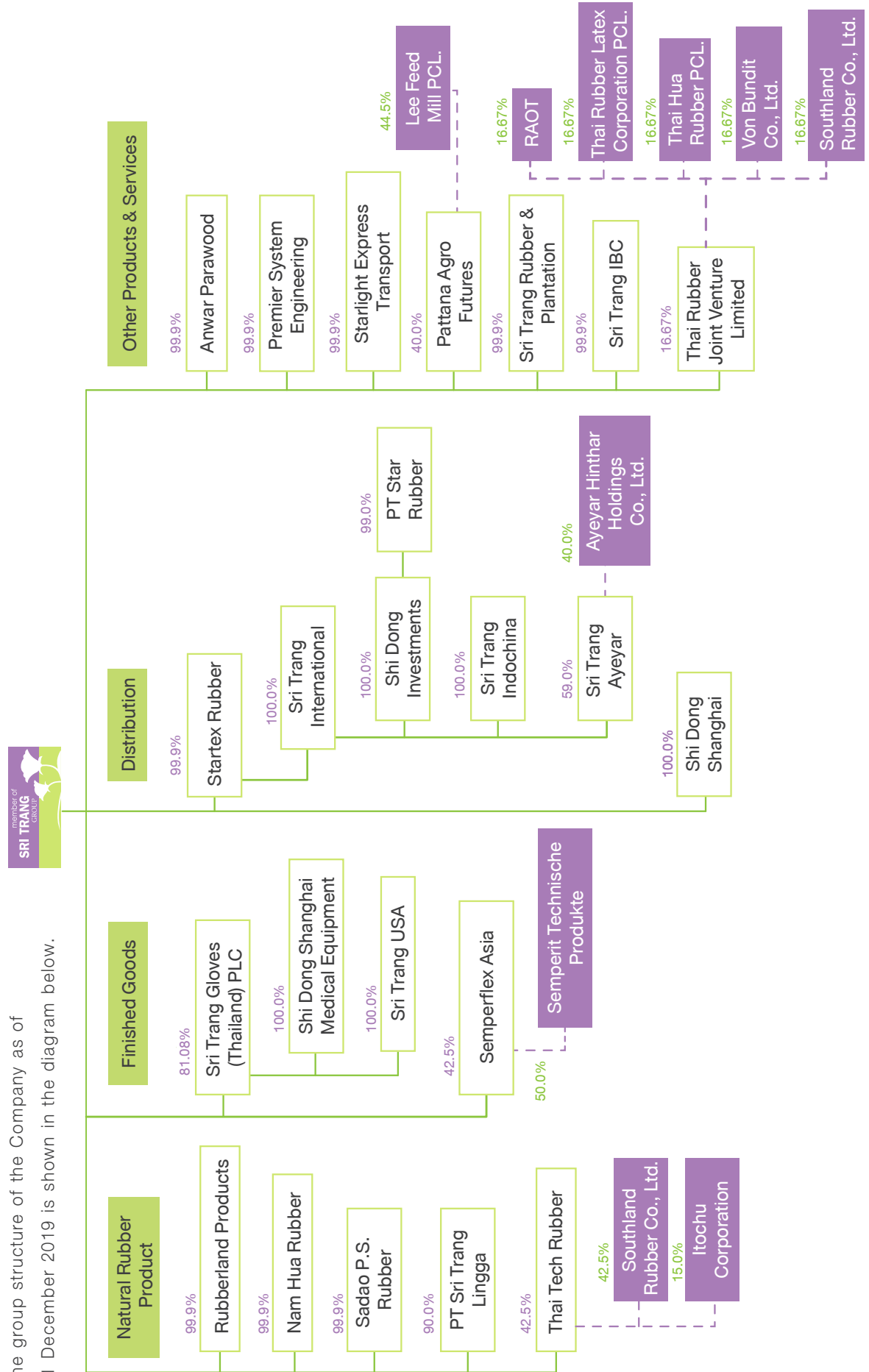
Anvar Parawood produces rubberwood as well as other types of wood, which are assembled into pallets for use within Sri Trang Group.





# Group Structure

The group structure of the Company as of 31 December 2019 is shown in the diagram below.



# Revenue Structure of Sri Trang Group

## Revenue structure

Our key products are Natural Rubber and Gloves Products which their sale revenue can be categorized as follows:

Type of Business / Operated by	% Share holding by STA	Year ended 31 December					
		2017		2018		2019	
		Baht million	%	Baht million	%	Baht million	%
<b>Revenue from TSR products</b>		<b>63,183.1</b>	<b>70.1</b>	<b>50,008.1</b>	<b>68.2</b>	<b>39,019.7</b>	<b>64.4</b>
STA	-						
Sri Trang International	99.99						
Rubberland Products	99.99						
Nam Hua Rubber	99.99						
PT Sri Trang Lingga	90.00						
Shi Dong Shanghai	100.00						
PT Star Rubber	98.99						
Sri Trang Ayeyar	58.99						
<b>Revenue from Examination Glove products<sup>1</sup></b>		<b>9,858.7</b>	<b>10.9</b>	<b>11,788.0</b>	<b>16.0</b>	<b>12,194.8</b>	<b>20.1</b>
STA	-						
Sri Trang Gloves (Thailand) <sup>2</sup>	81.08						
- <i>Shi Dong Shanghai Medical Equipment<sup>3</sup></i>	100.00						
- <i>Sri Trang USA<sup>3</sup></i>	100.00						
Sri Trang International	99.99						
Sri Trang Indochina	99.99						
<b>Revenue from RSS products</b>		<b>9,653.1</b>	<b>10.7</b>	<b>6,816.0</b>	<b>9.3</b>	<b>6,117.3</b>	<b>10.1</b>
STA	-						
Sri Trang International	99.99						
Nam Hua Rubber	99.99						
Shi Dong Shanghai	100.00						
Sadao P.S. Rubber	99.99						

Type of Business / Operated by	% Share holding by STA	Year ended 31 December					
		2017		2018		2019	
		Baht million	%	Baht million	%	Baht million	%
<b>Revenue from Concentrated Latex products</b>		<b>6,285.5</b>	<b>7.0</b>	<b>4,366.7</b>	<b>6.0</b>	<b>2,906.6</b>	<b>4.8</b>
STA	-						
Sri Trang International	99.99						
Shi Dong Shanghai	100.00						
Rubberland Products	99.99						
Nam Hua Rubber	99.99						
<b>Revenue from other products and services<sup>4</sup></b>		<b>406.6</b>	<b>0.5</b>	<b>157.2</b>	<b>0.2</b>	<b>48.0</b>	<b>0.1</b>
STA	-						
Anvar Parawood	99.94						
Sri Trang International	99.99						
Premier System Engineering	99.99						
Starlight Express Transport	99.99						
Startex Rubber	99.99						
Rubberland Products	99.99						
Shi Dong Shanghai	100.00						
Sri Trang Rubber & Plantation	99.99						
Sri Trang IBC	99.99						
<b>Other income</b>		<b>685.5</b>	<b>0.8</b>	<b>232.6</b>	<b>0.3</b>	<b>279.2</b>	<b>0.5</b>
<b>Total revenue</b>		<b>90,072.5</b>	<b>100.0</b>	<b>73,368.5</b>	<b>100.0</b>	<b>60,565.6</b>	<b>100.0</b>
<b>Share of profit from investments in associates and joint ventures</b>		<b>129.8</b>		<b>223.7</b>			<b>132.3</b>

**Note :**

<sup>1</sup> In March 2017, Sri Trang Gloves (Thailand) Ltd. became our subsidiary (previously it was a joint venture company) with 90.23% in shareholding portion. The revenues from examination glove products therefore have been recorded in the consolidated financial statement after 15 March 2017 onwards.

<sup>2</sup> After the completion of the amalgamation of Sri Trang Gloves (Thailand) Ltd. and Thaikong PLC. ("TK") on 1 April 2019, it was transformed to be Sri Trang Gloves (Thailand) PCL. (STA still holds 81.08% of shares in Sri Trang Gloves (Thailand) PCL.)

<sup>3</sup> A subsidiary of Sri Trang Gloves (Thailand) PCL. with 100.00% in shareholding portion.

<sup>4</sup> Comprises (i) the sale of rubber wood and wood packing products and (ii) the provision of certain services (such as logistics, research and development and information technology services) to our associates and a joint venture entity as well as other external third parties.

# Business Strategy and Future Growth Plan for the Next Three to Five Years



*We will keep expanding our installed capacity to reach 33 billion pieces per annum in 2020 and 50 billion pieces per annum within 2025 to keep up with the steadily growing demand for gloves.*

## **STA will continue to build on our strengths as an industry leader**

with the world's largest NR production capacity and procurement centers, processing facilities and sales offices that are located in strategic locations all over the world. Our strategy to expand production to the northeast of Thailand, a region with high growth potential, plentiful natural rubber supply and less competition in raw material sourcing, has served us well. We intend to capitalize on the fact that some of the midstream producers have had to suspend or cease operation as a result of low natural rubber prices and high volatility. Our sales, research and development, quality control and sustainability teams are

dedicatedly working to ensure customer satisfaction and foster customer relations. We believe that we are well positioned to increase our sales volume and market share and will continue to focus on maintaining profitability amid market volatility. Our market share in 2019 was 8% of global natural rubber consumption.

In the glove business, we remain committed to building on our competitive advantage over competitors in the production of latex gloves, which is our ready access to quality concentrated latex. We are focused on increasing our production capacity for latex gloves while also continuing to produce nitrile gloves to satisfy the demands from customers all over the world.

The adjustability of our production lines for latex powder-free and nitrile gloves enables us to readily respond to market demand. We will keep expanding our installed capacity to reach 33 billion pieces per annum in 2020 and 50 billion pieces per annum within 2025 to keep up with the steadily growing demand for gloves. Our market share in 2019 was 7% of global glove consumption

STA will continue to focus on effective management and the use of automation and technologies such as sensors and artificial intelligence to turn our production facilities into "the Smart Factories." This will help to reinforce our position as the world's leading fully integrated natural rubber company and help bring us closer to "STA 20" or having a market share of 20% of global NR and global glove consumption.



# Industry Overview and Competition



## Natural Rubber Industry

In 2019, the Natural Rubber (NR) industry still had to contend with volatility and uncertainty stemming from the trade war between the US and China, the continued appreciation of the Thai Baht, the fungal disease, speculation in the physical and futures markets and fund flows, all of which contributed to high volatility that prompted consumers to delay purchasing, especially in the first half of 2019. The high volatility also caused many midstream producers, both domestic and foreign, to suspend or cease operations. The trade war led many Chinese tire manufacturers to relocate production to Thailand. According to the latest report by the IRSG\*, NR demand in Thailand grew by 6.4% in 2019 while global demand went down slightly by 0.1%, compared with a growth of 4.1% in 2018. The average price of TSR20 on SICOM in 2019 was 140.6 cent/kg, up 3% from 2018.

*Note\*: The World Rubber Industry Outlook, Review and Prospects to 2028, published in December 2019.*

## Natural Rubber Demand and Supply in 2019

According to the World Rubber Industry Outlook, Review and Prospects to 2028, published by the International Rubber Study Group (IRSG) in December 2019, global NR demand in 2019 was 13,754,000 tons, slightly down 0.1% from 2018. Demand from tire manufacturers increased in most countries except in China, where demand remained flat from 2018, up by only 0.6%. Meanwhile, demand from non-tire consumers declined 1.7% because of the slowing economy. Global demand for synthetic rubber was also down by 2.8% from 2018, outpacing a drop in NR demand.

Global NR supply went down 1.1% to 13,731,000 tons in 2019, mainly because of the fungal disease that affected rubber trees in Indonesia and some provinces of Thailand, cutting down supply by 9.7% and 3.9%, respectively, or 540,000 tons collectively. Meanwhile, NR supply from other countries such as India, Vietnam, the CAMAL\* countries, as well as African countries, continued to grow from 2018.

*Note\*: the CAMAL countries mean Cambodia, Myanmar and Laos.*

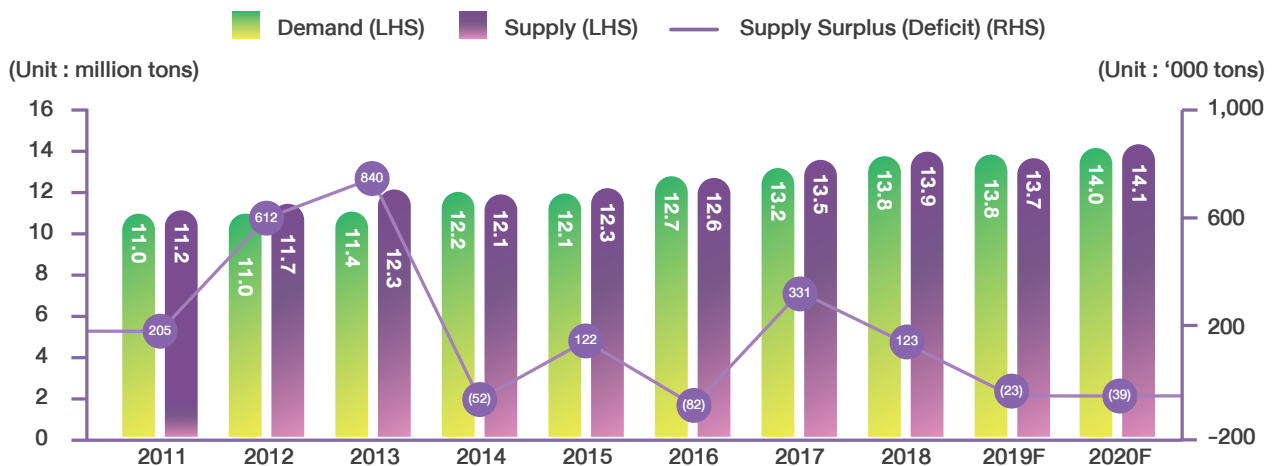
## Natural Rubber Demand and Supply in 2020

According to the IRSG, global NR demand is projected to increase 1.9% to 14,011,000 tons in 2020, with China remaining the world's largest consumer, followed by the European countries, India, the US and Thailand. The growth in demand from India, Malaysia and Thailand is expected to be higher than the global growth rate, driven by an increase in demand from tire manufacturers in India, from glove producers in Malaysia and from both in Thailand.

Meanwhile, the IRSG forecasts that global NR supply will increase 2.3% to 14,050,000 tons in 2019, driven by supply from Thailand that is expected to go back to normal levels after the fungal disease that affected some provinces in the south, followed by supply from the CAMAL countries and Vietnam. Supply from Indonesia, the world's second-largest NR-producing country, is expected to continue to go down by 2% because of the fungal disease that affected a vast area on the Sumatra Island.



**Diagram exhibits Demand and Supply of Natural Rubber during 2011 – 2020**



Source: IRSG

### Balance of Natural Rubber Demand and Supply

The IRSG expects an oversupply of NR in 2020, a result of the planting during a period of high NR prices from 2010 to 2012 (the average price TSR20 on SICOM at during the period was 368 cent/kg), which saw the area of rubber plantations in the Asia-Pacific region expand by 18.9%. The rubber trees planted during this period has been providing yield since 2017, perpetuating the oversupply. But the oversupply was alleviated in 2019 because the fungal disease cut down supply from Thailand and Indonesia, the world's largest and second-largest NR-producing countries, by 540,000 tons. The IRSG anticipates NR supply surplus to be around 39,000 tons in 2020, compared with a deficit of 23,000 tons in 2019.

### Rubber Glove Industry

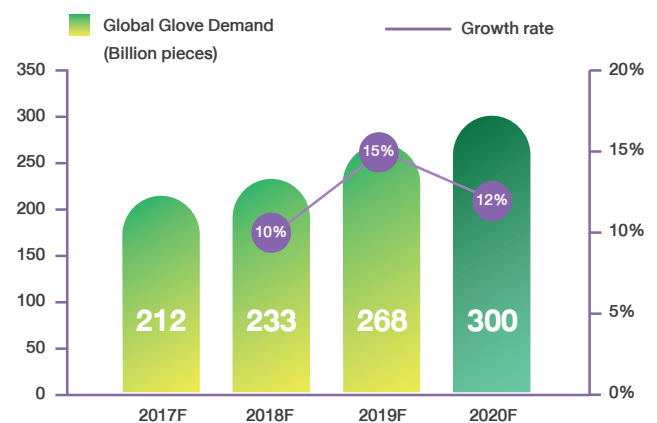
Gloves are products that help to effectively protect against germs, chemicals and other contaminants. As such, they are widely used in industries as diverse as the healthcare industry, the food industry, the electronics industry and the cosmetics industry. Gloves that are consumed nowadays can be broadly categorized into three types, namely, powdered and powder-free latex gloves, nitrile gloves and vinyl gloves.

### Rubber Glove Demand and Supply

Demand for gloves from all industries, especially the healthcare industry, is growing steadily. The Malaysian Rubber Glove Manufacturers Association (MARGMA) estimated that demand for gloves in 2019 was approximately 300 billion pieces, grew 12% from the previous year. The growth in demand was mainly driven by the healthcare industry and the increased consumption of personal hygiene products among emerging countries in the Asia-Pacific region, in Africa and in Latin America.

While gloves are consumed in countries around the world, glove production is concentrated in Southeast Asia and China. MARGMA estimated that in 2019, 63% of the world's gloves were produced in Malaysia and 18% in Thailand, while China and Vietnam accounted for 10% and 3% of global production, respectively.

**Diagram exhibits Demand of Global Rubber Gloves Consumption during 2016 – 2019**



Source: The Malaysian Rubber Glove Manufacturers Association



With a market share of 8%<sup>1</sup> of global NR consumption in 2019, we are widely regarded as the world's largest fully integrated natural rubber company. We have operations in the three largest NR-producing and exporting countries, namely Thailand, Indonesia and Vietnam. Our main competitors in the NR industry are Von Bundit Company Limited, Southland Group, and Thai Hua Rubber Public Company Limited, which are based in Thailand, and the Kirana Group, Halcyon Agri Corporation (Sinochem Group), and China Hainan Rubber Industry Group, which are based in other countries. In the glove business, our subsidiary, Sri Trang Gloves (Thailand) ("STGT"), is Thailand's largest glove producer with an installed production capacity of 27 billion pieces per annum as of 31 December 2019. STGT had a market share of 7%<sup>2</sup> of global glove consumption in 2019. Its main competitors are the major glove producers in Malaysia, namely Top Glove, Hartalega, Supermax, and Kossan.

The scale of our production has allowed us to benefit from the economies of scale, afforded us bargaining power with both suppliers and customers, facilitated research and development, and increased access to sources of funds.

As a midstream producer in the NR industry, it is crucial that we are able to effectively coordinate our upstream and downstream operations. We have, therefore, strategically set up production bases in Thailand and Indonesia, the world's two largest NR-producing countries, which collectively account for more than 60% of global NR production, as well as in Myanmar, where there is a strong growth potential. In addition, we have established an extensive raw material procurement network that covers important strategic areas. We have also launched the application "**STA FRIENDS**" for buying raw materials from rubber farmers in Thailand to reinforce being the leading rubber producers in Thailand. For sales and distribution, we have established subsidiaries in China, Singapore, Vietnam and USA to carry out sales and marketing activities. With products that satisfy international standards, we are able to distribute our products to tire manufacturers and glove consumers all over the world.

## Competition

"It has been nearly a decade that the natural rubber industry has had to contend with numerous challenges, from the slowdown of the global economy and the slowing economic growth in China to fluctuations of the US Dollar and the volatility of commodity prices. Many of our competitors were unable to withstand this inhospitable industry climate and had to cease operation. The factors that enable us to maintain our competitive edge amid the challenging industry landscape are the quality of our products, the scale of our production, excellent customer service, the geographic diversification of our operations, our experienced management and effective risk management strategy."

Having operations in various strategic locations and having experienced sales and marketing teams enable us to provide superior services to customers as we can promptly respond to customer demands from all over the world. We strive to achieve zero customer complaints and have set up a systematic complaint channel that deals with all complaints without delay.

Another crucial factor that has given us a competitive advantage over competitors is that our management comprises industry veterans with over three decades of experience. For a NR company to be able to successfully navigate the challenging industry landscape, its management must be able to come up with and effectively execute business strategies and risk management plans to minimize impact on the operations from factors like the global economic climate, demand/supply situation, currency movements, oil price movements and government policy. We believe that our management's thorough understanding of the NR industry and skills will contribute to increased competitiveness and profitability and help us to reinforce our position as the world's leading natural rubber company.

<sup>1</sup> Based on our sales volume of natural rubber products of approximately 1,103,934 tons for the financial year ending 31 December 2019 and the total global demand for natural rubber products of approximately 13,754,000 tons in 2019. (Source: International Rubber Study Group (IRSG), The World Rubber Industry Outlook, Review and Prospects to 2028, December 2019)

<sup>2</sup> Based on our sales volume of gloves of approximately 19,913 million pieces for the financial year ending 31 December 2019 and the total global demand for gloves of approximately 300,000 million pieces in 2019. (Source: The Malaysian Rubber Glove Manufacturers Association)





# Key Strengths

## 1. The world's largest natural rubber processing company

With an engineering capacity of 2.86 million tons per annum (as of 31 December 2019), we can produce a complete range of natural rubber products that satisfy the demands of all types of customers from all over the world, enabling us to capture a market share of 8% of global natural rubber consumption. We are also able to achieve economies of scale and afforded bargaining power with both suppliers and customers thanks to our large production capacity.

## 2. Fully integrated supply chain business model

Having operations in every sector of the natural rubber industry, from rubber cultivation and rubber processing to the manufacture of finished products-- examination gloves --provides us with synergy and insights that enable us to effectively manage our operations and readily respond to changes in market conditions, resulting in competitive edge. Moreover, we are able to create value-added to our mid-stream products which is one of our main businesses. This strengths our aim to become “a fully integrated natural rubber company and emphasize our position as a leading player in the natural rubber business globally”.

## 3. Extensive network of sales and distribution

We have an extensive network of sales and distribution that provides us with direct access to customers from all over the world and allows us to gauge demand flow and market sentiment as well as promptly respond to customers need in each country with appropriate strategies.

## 4. Production bases in strategic locations

With production facilities in the Northeast and South of Thailand, in Indonesia, and in Myanmar, we are not hindered by the seasonality of rubber tapping and are able to have year-round production. Locating our production facilities in Thailand and Indonesia also provides us with ample access to raw materials, as these two countries are the world's top natural rubber producers, collectively accounting for around 60% of global production volume. Myanmar is also regarded as high growth potential of natural rubber production.



*“A fully integrated natural rubber company and emphasize our position as a leading player in the natural rubber business globally”*







### 5. Cutting-edge technology and strong R&D capabilities

Our research and development team is constantly working on new technologies that enable us to continually improve our efficiency and productivity. The team can also work directly with customers to tailor our products to their specifications.

### 6. Commitment to sustainability and community engagement

Our strong relationships with the local communities, cultivated over the years through community improvement initiatives, help to strengthen brand awareness and contribute to the growth of our business.



### 7. Dual-listing on the Stock Exchange of Thailand (SET) and the Singapore Exchange Ltd (SGX)

Being dually listed on both the SET and the SGX provides us with access to different sources of funds and financial instruments to support our operations and is testament to our transparency and good corporate governance.

### 8. Highly experienced management

Over three decades of industry experience, our management is well versed in the minutiae of the natural rubber industry and is able to skillfully navigate any challenges facing our operations and steer the business to success.

## Board of Directors

As of 31 January 2020



1



2



3



7



8

**1. Dr. Viyavood Sincharoenkul**  
Chairman / Managing Director

**2. Miss Anusra Chittmittrapap**  
Vice-Chairman /  
Independent Director /  
Audit Committee Member /  
Remuneration Committee Member

**3. Mr. Chaiyos Sincharoenkul**  
Director / Executive Director

**7. Mr. Patrawut Panitkul**  
Director / Executive Director /  
Risk Management Committee  
Member / CFO

**8. Mr. Chalernpop Khanjan**  
Director / Executive Director /  
Risk Management Committee  
Member





4



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#### 4. Mr. Kitichai Sincharoenkul

Director / Executive Director /  
Nomination Committee Member

#### 5. Mr. Veerasith Sinchareonkul

Director / Executive Director /  
Chairman of Risk Management  
Committee

#### 6. Mr. Paul Sumade Lee

Director / Executive Director

#### 9. Mr. Kriang Yanyongdilok

Independent Director /  
Chairman of the Audit Committee /  
Chairman of the Nomination  
Committee / Chairman of the  
Remuneration Committee Member

#### 10. Mr. Samacha Potavorn

Independent Director /  
Audit Committee Member /  
Nomination Committee Member /  
Remuneration Committee Member

#### 11. Gen Thanasorn Pongarna

Independent Director





# Dr. Viyavood Sincharoenkul

Age 64 years Date of Appointment on 27 December 1993

Position Chairman / Managing Director



## Academic Background

Ph.D. in Chemistry, Queen Elizabeth's  
College, University of London

Bachelor's Degree in Chemistry  
(First Class), Queen Elizabeth's College,  
University of London

### • Training Program

None

### • Present Position

- Chairman, STA
- Managing Director, STA

### • Positions in Non-Listed Companies in Thailand

- Director, Sri Trang Gloves (Thailand) PLC.
- Director, Thai Tech Rubber
- Director, Semperflex Asia
- Director, Pattana Agro Futures
- Director, STH
- Director, Sri Trang IBC

### • Positions in Non-Listed Companies in foreign countries

- Director, Sri Trang International
- Director, Shi Dong Investments
- Director, Shi Dong Shanghai
- Director, Shi Dong Shanghai Medical Equipment

### • Positions in Other Listed Companies

None

### • Work Experience

#### 2010 – Present

- Chairman, STA

#### 1993 – Present

- Managing Director, STA

#### 2019 – Present

- Chairman of Executive Committee,  
Sri Trang Gloves (Thailand) PLC.
- Director, Sri Trang IBC

#### 2017 – Present

- Director and Chairman,  
Shi Dong Shanghai Medical Equipment

#### 2010 – Present

- Director, Shi Dong Investments
- Director and Chairman, Shi Dong Shanghai

#### 2004 – Present

- Director, Pattana Agro Futures

#### 2002 – Present

- Director, Sri Trang International

#### 1996 – Present

- Director, Semperflex Asia

#### 1990 – Present

- Director, Sri Trang Holdings
- Director, Thai Tech Rubber

#### 1989 – Present

- Director, Sri Trang Gloves (Thailand) PLC.

#### 2013 – 2017

- Director, Sri Trang Ayeyar

#### 2010 – 2012

- Director, Tai Yang Investment Pte. Ltd.

#### 1999 – 2017

- Director, T.R.I Global Co., Ltd.

#### 1987 – 1993

- Managing Director, Sri Trang Agro-Industry Co., Ltd.

#### 1985 – 1987

- General Manager, Yang Thai Paktai Co., Ltd.





# Miss Anusra Chittmittrapap

Age 65 years Date of Appointment on 21 September 2017

Position Vice-Chairman / Independent Director/

Audit Committee Member / Remuneration Committee Member



## Academic Background

Bachelor of Communication Arts (Honors),  
Chulalongkorn University

Certified Degree, King Prajadhipok's  
Institute (2005)

### • Training Program

- Chartered Director Class 2014, Thai Institute of Directors Association
- Role of the Compensation Committee (RCC) 2014, Thai Institute of Directors Association
- Director Certification Program (DCP) 2011, Thai Institute of Directors Association

### • Present Position

- Independent Director, STA
- Vice-Chairman, STA
- Audit Committee Member, STA
- Remuneration Committee Member, STA

### • Positions in Non-Listed Companies in Thailand

- Managing Director, Me and Music Co., Ltd.
- Advisor, Banpu Infenergy Co., Ltd.

### • Positions in Non-Listed Companies in foreign countries

None

### • Positions in Other Listed Companies

- Chairman and Audit Committee Member, CMO. PLC.
- Advisor, Berli Jucker PLC.

### • Work Experience

#### 2019 – Present

- Vice Chairman, STA
- Audit Committee Member, STA
- Remuneration Committee Member, STA

#### 2018 – Present

- Advisor, Banpu Infenergy Co., Ltd.
- Chairman and Audit Committee Member, CMO PLC.

#### 2017 – Present

- Independent Director, STA
- Advisor, Berli Jucker PLC.

#### 2015 – Present

- Managing Director, Me and Music, Co., Ltd.

#### 2016 – 2018

- Independent Director and Audit Committee Member, CMO PLC.

#### 2015 – 2016

- Director, The Queen Sirikit Botanic Garden

#### 2015

- Chairman, Thailandpost Distribution Co., Ltd.

#### 2014 – 2015

- Vice Chairman, Thailandpost Co., Ltd.

#### 2011 – 2014

- Managing Director, Thailandpost Co., Ltd.



# Mr. Chaiyos Sincharoenkul

Age 68 years, Date of Appointment on 27 December 1993

Position Director / Executive Director



## Academic Background

Executive Micro MBA,  
Thammasat University

### • Training Program

- Thai Institute of Directors Association  
DAP 66/2007

### • Present Position

Director, STA

### • Positions in Non-Listed Companies in Thailand

- Director, Rubberland Products
- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Anvar Parawood
- Director, Premier System Engineering
- Director, Startex Rubber
- Director, Starlight Express Transport
- Director, STH
- Chairman of Asian Rubber Business Council (ARBC)
- Director, International Rubber Consortium Ltd. (IRCo)
- Director of Natural Rubber Policy Committee
- President of the Thai Rubber Association

### • Positions in Non-Listed Companies in foreign countries

- Director, Shi Dong Shanghai
- Director, Shi Dong Shanghai Medical Equipment

### • Positions in Other Listed Companies

None

### • Work Experience

#### 1993 - Present

- Director, STA

#### Present

- Trade Environment Committee, Thai National Shippers' Council
- Vice Chairman of Economic Crops (Natural Rubber Group), Board of Trade of Thailand
- Business Development Committee, Board of Trade of Thailand
- Trade Association Committee, The Agricultural Producer & Export Group Board of Trade of Thailand

#### 2018 - Present

- Regional Research Network Committee, National Research Council of Thailand

#### 2017 - Present

- Arbitration Committee, Thailand Futures Exchange (TFEX)
- Director, Shi Dong Shanghai Medical Equipment

#### 2016 - Present

- Director, Rubberland Products
- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Anvar Parawood
- Director, Premier System Engineering
- Director, Startex Rubber
- Director, Starlight Express Transport
- Director, Sri Trang Holdings
- Director, Shi Dong Shanghai

#### 2015 - Present

- Working Group to Reduce the Government Process in Reporting of Strategic Products--Natural Rubber, Customs Department

#### 2014 - Present

- Executive Director, International Rubber Consortium Limited (IRCOS)

#### 2012 - Present

- President, The Thai Rubber Association
- Director, Committee for Considering Natural Rubber Policy, Agricultural and Cooperative Industry
- Executive Committee of Loan Supporting Project for Being A Working Capital for Natural Rubber Producers (Dry Rubber), RAOT
- Director, R&D Supervisory Committee, Aiming to Support Country Development (Committee No.1), Natural Rubber Group, National Research Council of Thailand

#### 2016 - 2018

- Director, Cluster Committee of Natural rubber and Rubber Wood, Federation of Thai Industries

#### 2014 - 2016

- Member of Sub-Committee Considering and Studying Agricultural Productivity Committee on Agriculture and Co-operatives, National Legislative Assembly

#### 2014 - 2015

- Member of Sub-Committee for Considering Rubber Organization The Extraordinary Committee on the Bill on Rubber of Thailand, National Legislative Assembly

#### 2008 - 2014

- Director, The Federations of Thai Industries

#### 2008 - 2012

- Chairman, The Federations of Thai Industries, Songkhla Province

#### 2008 - 2010

- Vice Chairman, IMT-GT Joint Business Council, Thailand
- Chairman, Working Group for Agricultural, Industrial Agricultural and Environmental Sector

#### 1990 - 2004

- Director, Thai Tech Rubber

#### 1987 - 1993

- Director, Sri Trang Agro-Industry Co.,Ltd.



# Mr. Kitichai Sincharoenkul

Age 60 years, Date of Appointment on 10 April 1995

Position Director / Executive Director /

Nomination Committee Member



## Academic Background

Master of Business Administration,  
Indiana State University, United States

Bachelor in Economics,  
Thammasat University

### • Training Program

- Thai Institute of Directors Association  
DAP 67/2007
- SGX Listed Companies Development Programme:  
Understanding the Regulatory Environment in Singapore:  
What Every Director Ought to Know

### • Present Position

- Executive Director, STA (Bangkok branch)
- Director, STA
- Group Manager of Legal & Administration, STA
- Nomination Committee Member, STA

### • Positions in Non-Listed Companies in Thailand

- Director, Sri Trang Gloves (Thailand) PLC.
- Director, Semperflex Asia
- Director, STH
- Director, Pattana Agro Futures
- Director, Sri Trang IBC

### • Positions in Non-Listed Companies in foreign countries

- Director, Sri Trang International
- Director, Shi Dong Investments
- Director, Sri Trang Ayeyar

### • Positions in Other Listed Companies

None

### • Work Experience

#### 1995 – Present

- Director, STA

#### 2010 – Present

- Nomination Committee Member, STA  
- Group Manager of Legal & Administration, STA

#### 2011 – Present

- Executive Director,  
STA (Bangkok branch)

#### 2019 – Present

- Director, Sri Trang IBC

#### 2014 – Present

- Director, Sri Trang Ayeyar

#### 2010 – Present

- Director, Shi Dong Investments

#### 2004 – Present

- Director, Pattana Agro Futures

#### 2002 – Present

- Director, Sri Trang International

#### 1996 – Present

- Director, Semperflex Asia

#### 1990 – Present

- Director, Sri Trang Holdings

#### 1989 – Present

- Director, Sri Trang Gloves (Thailand) PLC.

#### 1988 – 1995

- Branch Manager, STA (Bangkok branch)

#### 1984 – 1987

- Credit Department, Citibank

# Mr. Veerasith Sinchareonkul

Age 35 years, Date of Appointment on 28 April 2010

Position Director / Executive Director /  
Chairman of Risk Management Committee



**Academic Background**  
Master of Business Administration  
(Finance and Marketing),  
Sasin Graduate Institute of  
Business Administration,  
Chulalongkorn University

Bachelor of Computer Science and Cybernetics,  
University of Reading, United Kingdom

## • Training Program

- **Thai Institute of Directors Association**  
DAP 85/2010  
FSD 26/2014
- **Thai Listed Companies Association**  
TLCA Executive Development Program (EDP) class 10

## • Present Position

- Director, STA
- Chairman of Risk Management Committee, STA

## • Positions in Non-Listed Companies in Thailand

- Director, Sri Trang Gloves (Thailand) PLC.
- Chairman of Thai Rubber Glove Manufacturers Association
- Director, Rubberland Products
- Director, Premier System Engineering
- Director, Starlight Express Transport
- Director, Sri Trang Rubber & Plantation
- Director, Semperflex Asia
- Director, Thai Tech Rubber
- Director, Sri Trang IBC

## • Positions in Non-Listed Companies in foreign countries

- Director, Sri Trang USA
- Director, Sri Trang Ayeyar
- Director, PT Sri Trang Lingga

## • Positions in Other Listed Companies

None

## • Work Experience

### 2010 – Present

- Director, STA

### 2013 – Present

- Chairman of Risk Management Committee, STA

### 2019 – Present

- Chairman of Risk Management Committee,  
Sri Trang Gloves (Thailand) PLC.
- Director, Sri Trang IBC

### 2018 – Present

- Chairman of Thai Rubber Glove Manufacturers Association,  
Thai Rubber Glove Manufacturers

### 2017 – Present

- Director and Chairman, Sri Trang Ayeyar
- Director, Sri Trang Gloves (Thailand) PLC.

### 2016 – Present

- Director, Thai Tech Rubber
- Director and Chairman, Sri Trang USA
- Director, PT Sri Trang Lingga

### 2015 – Present

- Director, Semperflex Asia
- Director, Rubberland Products
- Director, Premier System Engineering
- Director, Starlight Express Transport
- Director, Sri Trang Rubber & Plantation

### 2008 – 2011

- Corporate Credit Analyst, Kasikornbank PLC.





# Mr. Paul Sumade Lee

Age 65 years, Date of Appointment on 28 June 2010

Position Director / Executive Director



## Academic Background

Master of Business Administration,  
International Institute for Management  
Development, Lausanne, Switzerland

Bachelor of Commerce University of  
New South Wales, (Sydney) Australia

### • Training Program

- SGX Listed Companies Development Programme  
Understanding the Regulatory Environment in Singapore:  
What Every Director Ought to Know

### • Present position

- Director, STA
- Chief Marketing Officer, STA

### • Positions in Non-Listed Companies in Thailand

- Director, Thai Tech Rubber

### • Positions in Non-Listed Companies in foreign countries

- Chairman, Sri Trang International
- Chairman, PT Star Rubber
- Chairman, PT Sri Trang Lingga
- Director, Shi Dong Investments
- Director, Shi Dong Shanghai
- Director, Shi Dong Shanghai Medical Equipment
- Director, Sri Trang Ayeyar

### • Positions in Other Listed Companies

None

### • Work Experience

#### 2010 – Present

- Director and Chief Marketing Officer, STA

#### 2017 – Present

- Director, Shi Dong Shanghai Medical Equipment

#### 2013 – Present

- Chairman, Sri Trang International
- Director, Sri Trang Ayeyar

#### 2010 – Present

- Chairman, PT Star Rubber
- Director, Shi Dong Investments
- Director, Shi Dong Shanghai

#### 2006 – Present

- Chairman, PT Sri Trang Lingga

#### 2004 – Present

- Director, Thai Tech Rubber

#### 1988 – 2003

- Global Market Director, ELDERS Finance/DRESDNER bank

#### 1983 – 1987

- Programmer, Macquarie Bank

#### 1982

- Programmer, Custom Credit Corporation

#### 1979 – 1981

- Programmer, Computer Installation Development

# Mr. Patrawut Panitkul

Age 51 years, Date of Appointment on 7 May 2014

Position Director / Executive Director /

Risk Management Committee Member / CFO



## Academic Background

Bachelor Degree of Business

Administration Accounting,  
Prince of Songkhla University

### • Training Program

- **Thai Institute of Directors Association**  
DCP195/2014  
Successful Formulation & Execution of Strategy,  
SFE24/2015
- **Thai Listed Company Association (TLCA)**  
TLCA CFO Professional Development Program  
(TLCA CFO CPD) 2019, "Automation & RPA  
(Robot Process Automation) for Accounting,

### • Present position

- Director, STA
- Risk Management Committee Member, STA
- Chief Financial Officer (CFO), STA

### • Positions in Non-Listed Companies in Thailand

- Director, Rubberland Products
- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Anvar Parawood
- Director, Startex Rubber
- Director, Starlight Express Transport
- Director, Sri Trang IBC

### • Positions in Non-Listed Companies in foreign countries

- Director, PT Sri Trang Lingga

### • Positions in Other Listed Companies

None

### • Work Experience

#### 2014 – Present

- Director, STA

#### 2013 – Present

- Risk Management Committee Member, STA

#### 2010 – Present

- Chief Financial Officer (CFO), STA

#### 2019 – Present

- Director, Sri Trang IBC

#### 2016 – Present

- Director, Rubberland Products
- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Anvar Parawood
- Director, Startex Rubber
- Director, Starlight Express Transport
- Director, PT Sri Trang Lingga

#### 2017

- Director, Sri Trang Gloves (Thailand) Co., Ltd.

#### 2001 – 2009

- Accounting Manager, STA

#### 1992 – 2000

- Accounting Manager, Sri Trang Gloves (Thailand) Co., Ltd.



# Mr. Chalernpop Khanjan

Age 49 years, Date of Appointment on 29 October 2015

Position Director / Executive Director /

Risk Management Committee Member



## Academic Background

Master Degree in Public Administration,  
Faculty of Art, Western University

Bachelor of Public Administration in  
Political Science, Faculty of Humanities  
and Social Sciences,  
Southern College of Technology

Executive Micro MBA,  
Thammasat University

## • Training Program

- Thai Institute of Directors Association  
DAP 132/2016,
- The National Innovation Agency  
Strategic Innovation Management Training Program,

## • Present Position

- Director, STA
- Risk Management Committee Member, STA
- Production Group Manager, STA

## • Positions in Non-Listed Companies in Thailand

- Director, Rubberland Products
- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Anvar Parawood
- Director, Starlight Express Transport

## • Positions in Non-Listed Companies in foreign countries

None

## • Positions in Other Listed Companies

None

## • Work Experience

### 2015 – Present

- Director, STA

### 2013 – Present

- Risk Management Committee Member, STA

### 2010 – Present

- Production Group Manager, STA

### 2559 – Present

- Director, Rubberland Products
- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Anvar Parawood
- Director, Starlight Express Transport

### 2006 – Present

- Production Group Manager, Rubberland Products

### 1998 – 2005

- Factory Manager, Rubberland Products

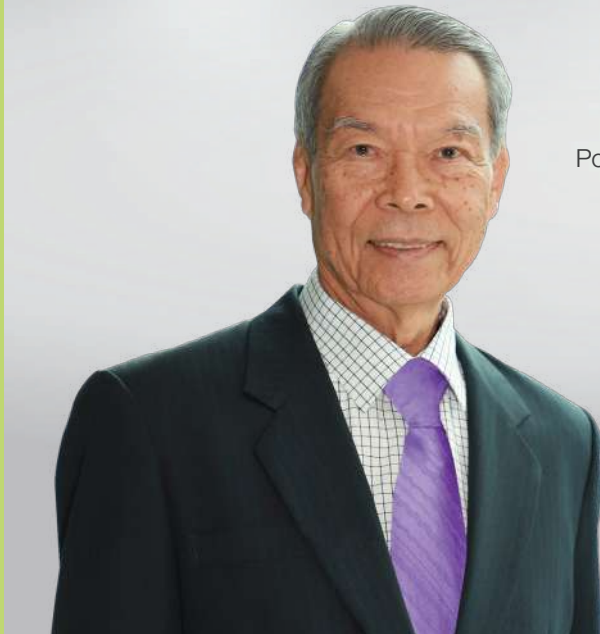
### 1994 – 1997

- Assistant LTX Factory Manager, STA

# Mr. Kriang Yanyongdilok

Age 81 years, Date of Appointment on 25 January 2000

Position Independent Director / Chairman of the Audit Committee /  
Chairman of the Nomination Committee /  
Chairman of the Remuneration Committee



## Academic Background

Bachelor of Science in Business  
Administration (Major in Accounting),  
Thammasat University

### • Training Program

- Thai Institute of Directors Association  
DAP 11/2004

### • Present Position

- Independent Director and Chairman of the Audit Committee, STA
- Chairman of the Nomination Committee, STA
- Remuneration Committee Member, STA
- Certified Public Accountant (Thailand) No. 4250

### • Positions in Non-Listed Companies in Thailand

- Director, J M P Group (1993) Co., Ltd.

### • Positions in Non-Listed Companies in foreign countries

None

### • Positions in Other Listed Companies

None

### • Work Experience

#### 2019 – Present

- Chairman of the Audit Committee, STA

#### 2019 – Present

- Chairman of the Remuneration  
Committee, STA

#### 2010 – Present

- Chairman of the Nomination Committee,  
STA

#### Present

- Certified Public Accountant (Thailand) No. 4250

#### 1993 – Present

- Director, J M P Group (1993) Co., Ltd.

#### 2010 – 2019

- Remuneration Committee, STA
- Director, March Auto 2010 Co., Ltd.

#### 2004 – 2005

- Audit Committee Member, Oishi Group PLC.

#### 2000 – 2019

- Audit Committee Member, STA

#### 1985 – 1998

- Provincial Revenue/ Area Revenue office/ Regional  
Revenue office 3, Revenue Office

#### 1968

- Ombudsman, third class

#### 1965 – 1968

- Revenue office, Phuket Province Class-three auditor official  
Office of the Auditor – General of Thailand





# Mr. Samacha Potavorn

Age 76 years, Date of Appointment on 1 February 2008

Position Independent Director/ Audit Committee Member /

Nomination Committee Member / Remuneration Committee Member



## Academic Background

Master Degree in Governmental Administration,  
Thammasat University

Thai barrister-at-law

Bachelor of Laws,  
Thammasat University

## • Training Program

- Thai Institute of Directors Association  
DAP 75/2008
- SGX Listed Companies Development Programme  
Understanding the Regulatory Environment in Singapore:  
What Every Director Ought to Know

## • Present Position

- Independent Director and Audit Committee Member, STA
- Nomination Committee Member, STA
- Remuneration Committee Member, STA

## • Positions in Non-Listed Companies in Thailand

None

## • Positions in Non-Listed Companies in foreign countries

None

## • Positions in Other Listed Companies

None

## • Work Experience

### 2010 – Present

Nomination Committee Member and  
Remuneration Committee Member, STA

### 2008 – Present

Independent Director and Audit Committee  
Member, STA

### 2015 – Present

Co-Chairman of Complaint Consideration for Prior Financial  
Support in Accordance with Section 41, National Securities  
Health Office 2002 in Phang-Nga Province

### 2015 – Present

Aor.Kor.Por. Sor.Aor.Bor.Tor., The Prime Minister's Office

### 2011 – 2019

University Council, Rajamangala University of Technology  
Srivijaya

### 2006 – 2008

Assistant Secretary to Minister of Interior

### 2003 – 2004

Governor, Phang-nga province

### 2002 – 2003

Legal counsel, Ministry of Interior

### 2000 – 2002

Assistant Secretary, Vice-Director of Southern Border  
Provinces Administration Center, Ministry of Interior

### 1997 – 2000

Vice-Governor, Pattalung Province, Trang Province

### 1996 – 1997

Assistant Governor, Ministry of Interior

### 1984 – 1996

District Chief, Ministry of Interior

### 1969 – 1983

Deputy District Chief, Ministry of Interior



# Gen Thanasorn Pongarna

Age 63 years, Date of Appointment on 8 July 2019

Position Independent Director



## Academic Background

Degree from National Defence College of Thailand  
Year 2013

Chief of Staff, Command and General Staff College

Master's Degree,  
Political and Administrative Science, NIDA

Bachelor's Degree, Mechanical Engineering,  
Chulachomklao Royal Military Academy

### • Training Program

- Thai Institute of Directors Association  
DAP 140/2017

### • Present Position

- Independent Director, STA

### • Positions in Non-Listed Companies in Thailand

None

### • Positions in Non-Listed Companies in foreign countries

None

### • Positions in Other Listed Companies

- Independent Director and Chairman of Audit Committee,  
Star Universal Network Plc.

### • Work Experience

#### 2019 – Present

- Independent Director, STA

#### 2017 – Present

- Independent Director and Chairman of Audit Committee,  
Star Universal Network Plc.

#### 2016 – 2017

- Special Advisor to the Royal Thai Armed Forces  
Headquarters

#### 2015 – 2016

- Deputy, Armed Forces Development Command,  
the Royal Thai Armed Forces Headquarters

#### 2014 – 2015

- Special Professional, the Royal Thai Armed Forces Headquarters



# Executive Management

As of 31 January 2020



1



2



3



4



5

1

Mr. Chaidet Pruksanusak

2

Mr. Rattapong Laparojkit

3

Mr. Phanlert Wangsuphadilok

4

Mr. Udom Pruksanusak

5

Miss Nuchanart Chaiyarat







## Mr. Chaidet Pruksanusak

Group Manager of Quality Assurance

Age 51 years

- **Academic Background**

Diploma in Finance and Banking,  
Bangkok Commercial College

- **Training Program**

Executive Micro MBA, Thammasat University

- **Director Position in Other Companies**

Director, Prueksa Rubber Co., Ltd.

- **Work Experience**

**2010 – Present**

Group Manager of Quality Assurance,  
STA

**2000 – Present**

Director,  
Prueksa Rubber Co., Ltd.

**2007 – 2008**

Coordinated Officer,  
STA

**1999 – 2006**

Factory Manager,  
STA



## Mr. Rattapong Laparojkit

Group Manager of Engineering

Age 46 years

- **Academic Background**

Bachelor of Civil Engineering Technology,  
University of Southern Colorado at Pueblo, United States

- **Training Program**

None

- **Director Position in Other Companies**

Director, Premier System Engineering

- **Work Experience**

**2010 – Present**

Group Manager of Engineering,  
STA

**2015 – Present**

Director,  
Premier System Engineering

**2009 – Present**

Engineering Manager,  
Premier System Engineering

**2003 – 2009**

Factory Manager of Technical,  
Premier System Engineering

**2001 – 2003**

Factory Manager,  
Premier System Engineering

**2000 – 2001**

Assistant Factory Manager,  
Premier System Engineering





## Mr. Phanlert Wangsuphadilok

Group Manager of Engineering

Age 48 years

- **Academic Background**

Master of Engineering,

King Mongkut's University of Technology Thonburi

Bachelor of Engineering, Kasem Bundit University

- **Training Program**

None

- **Director Position in Other Companies**

Director, Premier System Engineering

- **Work Experience**

**2010 – Present**

Group Manager of Engineering,

STA

**2015 – Present**

Director,

Premier System Engineering

**2009 – Present**

Factory Manager of Technical,

Premier System Engineering

**2017 – 2019**

Director, Sri Trang Gloves

(Thailand) Co., Ltd.

**2006 – 2009**

Assistant Factory Manager,

Semperflex Asia

**1998 – 2006**

Production Manager,

Semperflex Asia



## Mr. Udom Pruksanusak

CEO - Plantation

Age 58 years

- **Academic Background**

Master of Agriculture, Kasetsart University

Bachelor of Plant Science, Prince of Songkhla University

- **Training Program**

None

- **Director Position in Other Companies**

Director, Startex Rubber

Director, Sri Trang Rubber & Plantation

Director, Prueksa Rubber Co., Ltd.

Director, Prueksa Isarn Co., Ltd.

- **Work Experience**

**2015 – Present**

CEO – Plantation, STA

**2015 – Present**

Director, Sri Trang Rubber & Plantation

**2015 – Present**

Director, Startex Rubber

**2008 – Present**

Director, Prueksa Isarn Co., Ltd.

**2003 – Present**

Director, Prueksa Rubber Co., Ltd.

**2010 – 2015**

Group Manager of Human Resources, STA

**2000 – 2012**

Human Resources Manager,

Sri Trang Gloves (Thailand) Co., Ltd.

**1998 – 1999**

Factory Manager, Semperflex Asia

**1997 – 1998**

Production Manager,

Sri Trang Gloves (Thailand) Co., Ltd.





## Miss Nuchanart Chaiyarat

Group Manager of Human Resources

Age 52 years

- **Academic Background**

Bachelor of Marketing Science,  
Prince of Songkhla University

- **Training Program**

None

- **Director Position in Other Companies**

None

- **Work Experience**

**2010 – Present**

Group Manager of Human Resources,  
STA

**2015 – 2018**

Director, STH

**2000 – 2007**

Purchasing Manager,  
Sri Trang Gloves (Thailand) Co., Ltd.





# Management Structure

As of 31 January 2020, the corporate structure of STA consists of six committees which are the Board of Directors of STA, the Audit Committee, the Executive Committee, the Nomination Committee, the Remuneration Committee, and the Risk Management Committee.

## The Board of Directors of STA

As of 31 January 2020, the Board of Directors of STA consists of 11 directors as follows:

Name	Position	Remarks
1. Mr. Viyavood Sincharoenkul	Chairman /Managing Director/ Executive Committee member	Executive Director
2. Ms. Anusra Chittmittrapap	Vice Chairman/ Independent Director/ Member of the Audit Committee/ Member of the Remuneration Committee	Non-Executive Director
3. Mr. Chaayos Sincharoenkul	Director/ Executive Committee member	Executive Director
4. Mr. Kitichai Sincharoenkul	Director/ Member of the Executive Committee member/ Member of the Nomination Committee	Executive Director
5. Mr. Paul Sumade Lee	Director/ Member of the Executive Committee	Executive Director
6. Mr. Veerasith Sinchareonkul	Director/ Member of the Executive Committee/ Chairman of the Risk Management Committee	Executive Director
7. Mr. Patrawut Panitkul	Director/ Member of the Executive Committee/ Member of the Risk Management Committee	Executive Director
8. Mr. Chalernpop Khanjan	Director/ Member of the Executive Committee / Member of the Risk Management Committee	Executive Director
9. Mr. Kriang Yanyongdilok	Independent Director/ Chairman of Audit Committee/ Chairman of Nomination Committee/ Chairman of Remuneration Committee	Non-Executive Director
10. Mr. Samacha Potavorn	Independent Director/ Member of the Audit Committee/ Member of the Nomination Committee/ Member of the Remuneration Committee	Non-Executive Director
11. Gen Thanasorn Pongarna	Independent Director	Non-Executive Director

*Mrs. Pacharin Anuwongwattanachai is a secretary to the Board of Directors of the Company.*

## Authorized Directors of STA

Any two of the seven following directors of STA, namely, Mr. Viyavood Sincharoenkul, Mr. Chaayos Sincharoenkul, Mr. Kitichai Sincharoenkul, Mr. Veerasith Sinchareonkul, Mr. Paul Sumade Lee, Mr. Patrawut Panitkul and Mr. Chalernpop Khanjan shall affix their signatures and STA's seal.



## Engagement of Mr. Somwang Sincharoenkul as Honorary Adviser

The Board of Directors Meeting No. 2/2020, held on 9 March 2020, resolved to approve the continuance of the engagement of Mr. Somwang Sincharoenkul as Honorary Adviser of STA. Such advisory services are as follows:

1. Advise on the formulation of the Company's goals and vision.
2. Advise on the business plans, investment plans and policies of the Company.
3. Advise on strategies in relation to the use of raw materials, procurement, prices and quantities in each period and taking into account the local conditions.
4. Advise on dealings with the media, local authorities and government agencies in the south of Thailand.

Mr. Somwang Sincharoenkul does not have any participation in the Company's operations. His remuneration is Baht 428,000 per month or Baht 5,136,000 per year. This transaction is considered as a connected transaction.

## Scope of Duties and Responsibilities of the Board of Directors of STA

The Board of Directors of STA has determined the scope of duties and responsibilities of the Board of Directors of STA as follows:

1. The Board of Directors have power and duties and responsibilities in the management of the Company in accordance with the law, the Company's objectives, Articles of Association, the resolutions of Board and the resolutions of the general meeting of shareholders. The Board of Directors shall make prudent business decisions. They shall perform their duty responsibly with care and honesty for the best interests of the Company.
2. Response to propose, review and approve the policy of the Company
3. Appoint, remove and assign duties to advisors to the Board of Directors, various committees, and the Managing Director.
4. Authorize the Executive Directors management officers or any person to act on behalf of the Board of Directors.

5. Approve investments in securities or debt instruments.
6. Approve the entering into guarantee for credit facility, for the benefit of companies having business connection with the company as the shareholder.
7. Approve the establishment, merger or dissolution of subsidiary companies.
8. Seek advice from specialists or company consultants (if any), or retain the services of outside specialists or consultants at the company's expenses.
9. Propose the capital increase or capital decrease, or the change in par value, or amendment to the memorandum of association, the articles of association, and/or the objectives of the company to the shareholders for consideration.
10. Appoint and remove the Company Secretary.
11. Consider and approve the connected transactions, except if such transactions require approval of the shareholder meeting. Such approval will be in accordance with notifications, rules and/or regulations related to the Stock Exchange.
12. Provide the efficiency internal audit system especially the transactions which are the Interest of Directors which is within the scope of Stock Exchange of Thailand's regulation.

However, in the granting of powers, duties and responsibilities, the Board of Directors shall not grant or sub-grant power to a grantee that causes the Board of Directors or the grantee to approve transactions in which the Board of Directors or the grantee, or any person who may have any conflict of interest (as defined in the notification of the SEC), may have a vested interest, or any other conflict of interest with the Company or its subsidiaries. Approval of such transaction is required to be presented to the Board of Directors Meeting and/or the Shareholders.

The Board of Directors will develop understanding about its scope of duties and will delegate its managing powers to the Chief Executive Officer and the management. Such delegation to be made in writing, however, shall not discharge the Board of Directors from its duties as the Board of Directors. It shall continue to follow up on and supervise the management to ensure that they perform the delegated duties. Scope of duties of the Board of Directors, the Chief Executive Officer and the management are as follows:

### **Matters which require the Board of Directors to have an oversight and ensure that they are carried out**

These include matters for which the Board of Directors is mainly responsible to ensure that they are carried out properly. The Board of Directors may delegate the management to propose the following matters to the Board of Directors for consideration:

- a. Determination of objectives and main goals of business operations;
- b. Creation of corporate culture which adheres to ethics and acting as a role model;
- c. Supervision of composition and performance of the Board of Directors in order to efficiently achieve the defined objectives and main goals of business operations.

### **Matters to be carried out together with the management**

These include matters to be carried out collectively by the Board of Directors, the Chief Executive Officer and the management. The management will propose the matters to the Board of Directors for approval while the Board of Directors ensures that the overall policy is in line with the defined objectives and main goals of business operations and will delegate the management to implement. The management shall then report to the Board of Directors regularly. These matters are:

- a. Determination and review of annual strategies, goals and business plans;
- b. Oversight of suitability and sufficiency of risk management and internal control;
- c. Determination of powers that are suitable for the responsibilities of the management;
- d. Determination of resources allocation framework, development and budgeting such as policy and plan for the people management and information technology management policy;
- e. Follow-up on and assessment of performance;
- f. Oversight over reliable financial disclosure and reporting and sufficient and appropriate non-financial disclosure.

### **Matters which should not be undertaken by the Board of Directors**

These include the following matters that the Board of Directors may only supervise at the policy level and will delegate the Chief Executive Officer and the management to take the main responsibility in carrying out:

- a. Execution of strategies, policies and plans approved by the Board of Directors. The Board of Directors should allow the management to take the responsibilities in making decisions on operations, procurements, recruitments, etc. in accordance with the defined framework. The Board of Directors should only exercise oversight over these matters without interfering the decisions of the management except in case where it is necessary to do so.
- b. Matters which are subject to restrictions such as the approval for matters in which directors have an interest.

In determining annual strategies and work plans, the Board of Directors will ensure that environmental considerations and relevant risk factors on the stakeholders throughout the value chain including such other factors which could affect the achievement of main goals of the Company are analyzed and that there shall be a mechanism to allow the Board of Directors to truly understand the need of stakeholders.

### **Scope of Duties and Responsibilities of the Chairman of Board of Directors of STA**

The Company's Board of Directors Meeting No. 6/2018, held on 16 July 2018, resolved to approve the scope of duties and responsibilities of the Chairman of Board of Directors as below:

1. Oversee, monitor, and ensure that the board efficiently carries out its duties to achieve STA's objectives.
2. Ensure that all directors contribute to STA's ethical culture and good corporate governance.
3. Set the board meeting agenda by discussing with independent directors and have a measure to oversight that important matters should be included as the meeting agenda.
4. Allocate sufficient time for management to propose topics and for directors to discuss important matters thoroughly. Encourage directors to exercise independent judgement in the best interest of SAT.
5. Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.



6. In case of an equality of votes, the Chairman of the Board shall have an additional vote as the casting vote.

To encourage good corporate governance and ensure the balance of power and authority of the board and between the Board and management, the Board therefore designated an independent director to participate in setting the Board meeting agenda.

## Composition and Appointment of the Board of Directors of STA

The following is a summary of the composition, appointment, removal or retirement from the Board of Directors of STA set forth in the Articles of Association of STA:

1. The number of members of the Board of Directors of STA shall be determined by a shareholders meeting but shall be not less than five persons and not less than one-half of the total number of Directors must reside in the Kingdom of Thailand.
2. Of the total number of Board members, at least one-third and no fewer than three persons must be independent directors;
3. Directors shall be elected at a shareholders meeting in accordance with the following criteria and procedures:
  - (1) Each shareholder shall have one vote for one share.
  - (2) A shareholder must use all of his/her votes in (1) to elect one or several persons as Director or Directors, however, he or she may not split his/her votes unequally between any person in any number.
  - (3) The persons who receive the most votes shall be elected as Directors, in the number of Directors required or to be elected on the relevant occasion. In the event that votes of two or more nominees are equal in number, causing the number of Directors required or to be elected on such relevant occasion to be exceeded, the chairman of the meeting shall have a casting vote.



4. At every annual general meeting, one-third of the Directors, or, if the number of Directors is not a multiple of three, then the number nearest to one-third, shall retire from office.

The Directors who are to retire from office in the first and the second years after registration of the Company shall be drawn by lots. In subsequent years, the Directors who have been holding office for the longest time shall retire.
5. Any Director wishing to resign from office shall submit his or her resignation letter to STA. The resignation shall be effective from the date on which STA receives the resignation letter.
6. The shareholders meeting may pass a resolution to remove any Director from office prior to rotation, by a vote of not less than three-fourths of the number of the shareholders attending the meeting and having the right to vote, and whose shares represent a total of not less than one half of the number of shares held by the shareholders attending the meeting and having the right to vote.

The Board currently comprises twelve Directors, four of whom are Independent Directors. The Company has eight Executive Directors and four Non-executive Directors. The composition of the Board takes into consideration the nature and scope of the Group's operations to allow constructive discussion on the basis of board diversity in terms of knowledge, skills, experiences, ages, and genders of directors bringing about the reasonable decision making. In this regard, STA's directors have invaluable experience in accounting, finance, business management, strategic planning, marketing, law and the rubber industry in order to perform their duties effectively.



## Selection of Independent Directors

### Qualifications of Independent Directors

1. Holding shares not exceeding one percent of the total number of shares with voting rights of STA, its parent company, subsidiary company, associate company, or a major shareholder or controlling person of STA, including shares held by related persons of such independent director.
2. Not having any relationship with (a) STA; (b) STA's holding company, subsidiary or a subsidiary of a subsidiary of STA; (c) any person who has an interest who holds not less than ten percent of the total voting shares in STA; and/or (d) any officers of STA who can interfere with the exercise of any Director's independent judgment.
3. Neither being nor having an immediate family member (which includes spouse, child, adopted child, stepchild and parents) who is or was, in the current or immediate past financial year, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which STA or any of its subsidiaries made, or from which STA or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year.
4. Not being or having been directly associated with a shareholder who holds more than 10% of the shares of STA in the current or immediately preceding financial year.
5. Not being or having been an executive director, employee, staff, advisor who receives salary, or a controlling person of STA, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person of STA, unless the foregoing status ended not less than three financial years prior to the appointment as independent director. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit that was a major shareholder or controlling person of STA.
6. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, of a director, executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of STA or its subsidiary company.
7. Not having an immediate family member including spouse, child, adopted child, stepchild, sibling and parent, who is, or has been in any of the past three financial years, employed by STA or any of its related companies and whose remuneration is or was determined by the remuneration committee.
8. Not being a director or having an immediate family member including spouse, child, adopted child, stepchild, child of spouse, sibling, and parent who accepts or has accepted compensation from STA or any of its related companies for the provision of services, other than services as director, for the current or immediately preceding financial year.
9. Not having or having had a business relationship with STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, in a manner which might interfere with his independent judgement, and not being or having been a significant shareholder or controlling person of any person having a business relationship with STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship ended not less than two years prior to the appointment as independent director.
10. Not being or having been an auditor of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs an auditor of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship ended not less than two years prior to the appointment as independent director.



11. Not being or having been a provider of any professional services including those as legal advisor or financial advisor who receives or received service fees exceeding two million baht per year from STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of such professional services, unless the foregoing relationship ended not less than two years prior to the appointment as independent director.
12. Not being a director appointed as representative of directors of STA, a major shareholder or a shareholder who is related to a major shareholder of STA, or a director who is or has been directly associated with a shareholder who holds 10% or more of the shares of STA, in the current or immediately preceding financial year. A director will be considered "directly associated" with a shareholder who holds 10% or more of the share of STA when the director is accustomed to or under obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of such shareholder in relation to the corporate affairs of STA.
13. Not undertaking any business that is of the same nature as and in competition to the business of STA or its subsidiary company, and not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holds shares exceeding one percent of the total number of shares with voting rights of any other company that engages in business that is of the same nature as and in competition to the business of STA or its subsidiary company.
14. Not having any other characteristic that could cause the inability to express independent opinions with regard to the business operations of STA.

The qualifications of the Independent Director of STA are more stringent than the definitions as specified in the notification of the Capital Market Supervisory

Board. Additionally, The Board of Directors is of the opinion that Mr. Kriang Yanyongdilok and Mr. Samacha Potavorn, who have served as Independent Directors for STA beyond nine years, should continue to serve as Independent Directors of STA as they have the qualifications required by the Capital Market Supervisory Board and do not have any characteristics which would cause them to be unable to express their independent opinions with regard to STA's business operations. During their respective terms of appointment, they have performed their duty as Audit Committee and Remuneration Directors for the benefit and the good governance of STA.

## Executive Committee

As of 31 January 2020, the list of Executives of STA is as follows:

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman of Executive Director
2. Mr. Chaiyos Sincharoenkul	Executive Director
3. Mr. Kitichai Sincharoenkul	Executive Director
4. Mr. Paul Sumade Lee	Executive Director
5. Mr. Veerasith Sinchareonkul	Executive Director
6. Mr. Patrawut Panitkul	Executive Director
7. Mr. Chalernpop Khanjan	Executive Director

## Scope of Duties and Responsibilities of the Executive Committee

STA has specified scope of duties and responsibilities of the Executive Committee as follows:

1. To order, plan, and operate the business of STA to be in accordance with the policies set out by the Board of Directors of STA.
2. To appoint STA's management to efficiently and transparently manage STA's businesses.
3. Any two of the Executive Committee members jointly signing and affixing the company seal are eligible to grant proxies to any person to perform on behalf of STA in respect of any business that will benefit STA.
4. To determine the appropriate employees' benefits and welfare in compliance with corporate culture and applicable laws.

5. To approve the credit limits of the normal business transactions or other transactions that bind STA.

In any case, the assignment of duties and responsibilities of the Executive Committee shall not constitute an authorization or sub-authorization which may cause the Executive Committee or its assignee to be able to approve any transaction in which such person or other related party (as defined in the Notification of the SEC or the Capital Market Supervisory Board) may have a conflict of interest or may benefit in any manner or any other conflict of interest with STA or its subsidiaries. Such approval must be proposed at a meeting of the Board of Directors and/or the meeting of shareholders, as the case may be, for approval, as stipulated in the Articles of Association of STA or subsidiaries, or any applicable laws.

## Audit Committee

The Audit Committee consists of three independent directors and all have the qualifications required by the Capital Market Supervisory Board and the SET. As of 31 January 2020, the Audit Committee consists of the following directors:

Name	Position
1. Mr. Kriang Yanyongdilok	Chairman of the Audit Committee
2. Mr. Samacha Potavorn	Audit Committee Member
3. Ms. Anusra Chittmittrapap	Audit Committee Member

*Mr. Kriang Yanyongdilok is the Audit Committee member who have sufficient knowledge and experience to review the reliability of financial statements of STA.*

*Mr. Wittawas Krungtanmuang is a secretary of the Audit Committee.*

## Qualifications of Audit Committee Members

1. Holding shares not exceeding one percent of the total number of shares with voting rights of STA, its parent company, subsidiary company, associate company, a major shareholder or controlling person of STA, including shares held by related persons of such audit committee member.
2. Not taking part in the management of STA, its parent company, subsidiary company, associate company, same-level subsidiary company, and not being a major shareholder of STA.

3. Not being an employee or advisor who receives salary from STA, its subsidiary company, associate company, same-level subsidiary company or major shareholder; for example, the Chief Executive Officer may not be an audit committee member because he or she is directly responsible for the management of STA.
4. Not having or having had benefits or interests, whether direct or indirect, in the finance and management of STA, its subsidiary company, associate company or major shareholder, or any other benefits or interests of similar nature, in the year prior to the appointment as audit committee member, unless the Board of Directors has carefully considered the matter and is of the opinion that such benefits or interests will not interfere with the performance of duties and the giving of independent opinions by such person.
5. Not being related to or a close relative of any member of the management or a majority shareholder of STA.
6. Not being appointed to safeguard the interests of the directors or major shareholders or shareholders who are related to the major shareholders of STA.
7. Being capable of performing the duties, giving opinions or reporting the results as has been delegated by the Board of Directors independent of control by the management or a major shareholder, including related persons or close relatives of the such persons.

## Scope of Duties and Responsibilities of the Audit Committee

1. To assist the Board of Directors in the discharge of its responsibilities on financial and accounting matters (including reviewing STA's financial reporting process and our Company's consolidated financial statements to ensure accuracy and adequacy).
2. To review our Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and



dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.

3. To review our Company's compliance with the law on securities and exchange, the regulations of the SET, and the laws relating to business of STA.
4. To consider the election, the nomination, and the removal of persons with independence, reliability, acceptable qualification and are auditors approved by SEC to act as an auditor of STA and to determine the remuneration of such person as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the connected transactions, interested person transactions or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the SET, and are reasonable and in the best interests of STA.
6. To prepare, and to disclose in our Company's annual report, an Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
  - (1) an opinion on the accuracy, completeness and credibility of the company's financial report;
  - (2) an opinion on the adequacy of the company's internal control system;
  - (3) an opinion on the compliance with the law on securities and exchange, the regulations of the SET, or the laws relating to the STA's business;
  - (4) an opinion on the suitability of the auditor of STA;
  - (5) an opinion on the transactions that may lead to conflicts of interests;
  - (6) the number of the Audit Committee meetings, and the attendance at such meetings by each committee member;
  - (7) an opinion or overview of comments received by the Audit Committee from its performance of duties in accordance with the charter; and

(8) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, within the scope of duties and responsibilities assigned by the company's board of directors.

7. To commission and review the findings of significant internal investigations and/or consult with the auditor in relation to such findings and report the findings to the Board of Directors of STA in the event that there is any suspected fraud or irregularity or infringement of any law or regulations of Thailand, the rules of the SET, or other relevant regulations which has or is likely to have a material impact on the results of operations and/or financial position of STA.
8. To review the audit plans, scope of work and results of our audits compiled by our internal and external auditors.
9. To review the co-operation given by our officers to the external auditors.
10. To review our risk management structure (including all hedging policies) and any oversight of our risk management processes and activities to mitigate and manage risk at acceptable levels determined by our Directors.
11. To perform any other act as delegated by the Board of Directors and approved by the Audit Committee.

## Nomination Committee

As of 31 January 2020, the Nomination Committee of STA consists of three Directors as follows:

Name	Position
1. Mr. Kriang Yanyongdilok	Chairman of the Nomination Committee
2. Mr. Samacha Potavorn	Nomination Committee Member
3. Mr. Kitichai Sincharoenkul	Nomination Committee Member

## Scope of Duties and Responsibilities of the Nomination Committee

1. Reviewing and assessing candidates for directorships (including executive directorships)



before making recommendations to the Board of Directors of STA for the appointment of Directors.

2. Reviewing and recommending nominations for appointment, re-appointment or re-election or renewal of appointment of the Directors having regard to the Director's contribution and performance.
3. Determining annually whether or not a Director is independent.
4. Deciding whether or not a Director is able to and has been adequately carrying out his duties as a director.

Certain factors considered by the Nomination Committee in order to carry out their responsibilities above include:

- independence of mind;
- capability of the individual and how it meets the needs of the Company and simultaneously complements the skill set of the other Board members;
- experience and track record as directors in other companies; and
- ability to commit time and effort toward discharging his responsibilities as a Director.

## Remuneration Committee

As of 31 January 2020, the Remuneration Committee consists of three Directors as follows:

Name	Position
1. Mr. Kriang Yanyongdilok	Chairman of the Remuneration Committee
2. Mr. Samacha Potavorn	Remuneration Committee Member
3. Ms. Anusra Chittmittrapap	Remuneration Committee Member

## Scope of Duties and Responsibilities of the Remuneration Committee

Our Remuneration Committee is responsible, among other things, for recommending to the Board of Directors a framework and criteria of remuneration for the Directors and executive officers, and for recommending specific remuneration packages for each Director and the Managing Director and to perform any other acts as delegated by the Board of Directors.

## Risk Management Committee

As of 31 January 2020, the Risk Management Committee consists of five Directors as follows:

Name	Position
1. Mr. Veerasith Sinchareonkul	Chairman of the Risk Management Committee
2. Mr. Chaidet Pruksanusak	Risk Management Committee Member
3. Mr. Chalernpop Khanjan	Risk Management Committee Member
4. Mr. Patrawut Panitkul	Risk Management Committee Member
5. Mr. Nattee Thiraputhbhokin	Risk Management Committee Member

*Ms. Thanravee Thanonworaphong is a Secretary of Risk Management Committee.*

## Scope of Duties and Responsibilities of the Risk Management Committee

1. Scrutinize the risk management policy that is consistent with the Company's strategy and propose to the Board of Directors regularly at least once a year to ensure that it conforms to and is line with the current business circumstances.
2. Review and amend the charter of the Risk Management Committee to keep it conforms to the current circumstances and environment, and propose to the Board of Directors to approve.

## Details of Meeting Attendances of the Board of Directors and Sub-Committees in 2019

Name	No. of Attendances											
	Board of Directors		Executive Committee		Audit Committee		Nomination Committee		Remuneration Committee		Risk Management Committee	
	2019	(%)	2019	(%)	2019	(%)	2019	(%)	2019	(%)	2019	(%)
1. Mr. Viyavood Sincharoenkul	7/7	100	8/8	100	-	-	-	-	-	-	-	-
2. Mr. Chaiyos Sincharoenkul	7/7	100	8/8	100	-	-	-	-	-	-	-	-
3. Mr. Kitichai Sincharoenkul	7/7	100	8/8	100	-	-	2/2	100	-	-	-	-
4. Mr. Paul Sumade Lee	7/7	100	8/8	100	-	-	-	-	-	-	-	-
5. Mr. Veerasith Sinchareonkul	7/7	100	8/8	100	-	-	-	-	-	-	4/4	100
6. Mr. Patrawut Panitkul	7/7	100	8/8	100	-	-	-	-	-	-	4/4	100
7. Mr. Li Shiqiang <sup>1</sup>	7/7	100	-	-	-	-	-	-	-	-	-	-
8. Mr. Chalernpop Khanjan	7/7	100	-	-	-	-	-	-	-	-	4/4	100
9. Ms. Anusra Chittmittrapap <sup>2</sup>	6/7	86	-	-	3/3	100	-	-	1/1	100	-	-
10. Mr. Kriang Yanyongdilok	7/7	100	-	-	8/8	100	2/2	100	2/2	100	-	-
11. Mr. Samacha Potavorn	7/7	100	-	-	8/8	100	2/2	100	2/2	100	-	-
12. Mr. Prakob Visitkitjakarn <sup>3</sup>	3/3	100	-	-	4/4	100	-	-	1/1	100	-	-
13. Gen Thanasorn Pongarna <sup>4</sup>	3/3	100	-	-	-	-	-	-	-	-	-	-
Percentage of attendance of each committee		99		100		100		100		100		100

**Note:** <sup>1</sup> Mr. Li Shiqiang resigned the position as a Director on 20 January 2020.

<sup>2</sup> Ms. Anusra Chittmittrapap was appointed as an Audit Committee member and Remuneration Committee member regarding to the resolution of the Board of Directors' meeting no. 4/2019, on 8 July 2019.

<sup>3</sup> Mr. Prakob Visitkitjakarn resigned the position as an Independent Director on 29 May 2019.

<sup>4</sup> Gen Thanasorn Pongarna was appointed as an Independent Director regarding to the resolution of the Board of Directors' meeting no. 4/2019, on 8 July 2019.

In 2019, there was a Board of Directors Meeting without management, held on 11 December 2019 to discuss about the business outlook including opportunities and challenges for the Company.

## Executives (pursuant to the definition of “Executive<sup>(1)</sup>” in the SEC’s notification no. GorJor. 17/2008 re: Definitions under Notifications relating to the Issuance and Offering of Securities)

As of 31 January 2020, the list of Executives of STA is as follows:

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman / Managing Director
2. Ms. Anusra Chittmittrapap	Vice Chairman / Independent Director / Member of the Audit Committee
3. Mr. Chaiyos Sincharoenkul	Director
4. Mr. Kitichai Sincharoenkul	Director / Group Manager of Legal and Administration

Name	Position
5. Mr. Paul Sumade Lee	Director / Chief Marketing Officer
6. Mr. Veerasith Sinchareonkul	Director
7. Mr. Patrawut Panitkul	Director / Chief Financial Officer (CFO)
8. Mr. Chalernpop Khanjan	Director / Chief Operating Officer
9. Mr. Kriang Yanyongdilok	Independent Director / Chairman of the Audit Committee
10. Mr. Samacha Potavorn	Independent Director / Member of the Audit Committee
11. Gen Thanasorn Pongarna	Independent Director
12. Mr. Chaidet Pruksanusak	Group Manager of Quality Assurance
13. Mr. Rattapong Laparojkit	Group Manager of Engineering
14. Mr. Phanlert Wangsuphadilok	Group Manager of Engineering
15. Mr. Udom Pruksanusak	CEO - Plantations
16. Ms. Nuchanart Chaiyarat	Group Manager of Human Resources

**Note:** (1) "Executive" means a director, manager or the next four executives succeeding the manager, a person holding an equivalent position to the fourth executive, including a person holding the position of manager or equivalent in the accounting or finance departments.

## Scope of Authorities and Responsibilities of the Managing Director

1. Approve any juristic act binding the company for the normal business operation of STA in an amount not exceeding Baht 200,000,000.
2. Issue and amend the rules, orders, and work rules of STA, for example, the acceptance, appointment, removal and disciplining of staff and employees, and the determination of salary and other monies, including compensation and other welfare.
3. Determine the salary rate and other remuneration, including expenses rate and facilities of the manager or equivalent for proposing to the Executive Committee for further approval.
4. Administer STA pursuant to the resolutions and policies of the Board of Directors of STA.
5. Propose significant matters to the Board of Directors of STA or the meeting of shareholders for further approval or other appropriate action.
6. Study the feasibility of new projects and consider and approve the projects as delegated by the Board of Directors of STA and the Executive Committee.
7. Perform other matters as delegated by the Board of Directors of STA and/or the Executive Committee from time to time.

However, the abovementioned approvals shall not be given in a way that may cause the Managing Director or his authorized representative to be able to approve any transaction in which he himself or any related person has or may have a conflict of interest with STA or its subsidiaries as defined in the Notification of the SEC or the Capital Market Supervisory Board.

## Company Secretary

The Board of Directors of STA resolved to appoint Mrs. Pacharin Anuwongwattanachai, who meets the appropriate qualifications, graduated in accounting, has completed company secretary training and other related training programs, and possesses the skills, knowledge, understandings relating to business and the laws and other related regulations, as Company Secretary (the “Company Secretary”), having the duties and responsibilities as provided in the Securities and Exchange Act, including providing advice on compliance with the relevant laws and regulations to the Board of Directors, organizing Board of Directors activities and ensuring compliance with the resolutions of the Board of Directors. The Company Secretary has to attend and safeguard all meeting documents and ensures procedural compliance with regards to the Board of Directors. The appointment and removal of the Company Secretary is subject to the approval of the Board of Directors.



## Remuneration of Directors and Executive Officers

### Financial Remuneration

#### (1) Directors' Fees

For the fiscal year ending 31 December 2019, STA paid the directors' fees to the Directors in the amount of Baht 7,854,000 in compensation for the services rendered. The details are as follows:

Name	Amount of Directors' Fees (Baht)*
	Fiscal year ending 31 December 2019
1. Mr. Viyavood Sincharoenkul	804,000
2. Mr. Chaiyos Sincharoenkul	600,000
3. Mr. Kitichai Sincharoenkul	600,000
4. Mr. Paul Sumade Lee	600,000
5. Mr. Veerasith Sinchareonkul	600,000
6. Mr. Patrawut Panitkul	600,000
7. Mr. Li Shiqiang	600,000
8. Mr. Chalernpop Khanjan	600,000
9. Mr. Prakob Visitkitjakarn	390,000
10. Mr. Kriang Yanyongdilok	744,000
11. Mr. Samacha Potavorn	744,000



Name	Amount of Directors' Fees (Baht)*
	Fiscal year ending 31 December 2019
12. Ms. Anusra Chittmittrapap	672,000
13. Gen Thanasorn Pongarna	300,000

**Note:** \* This remuneration is compensation only for the services rendered as directors and members of the Audit Committee of STA and does include compensation for services rendered as members of the other committees of STA.

## (2) Remuneration of the Directors and Executive Officers

For the fiscal year ending 31 December 2019, STA paid the remuneration to the Directors and Executive Officers, totaling 21 persons, in the amount of Baht 154.73 million, including Directors and Executive Officers who resigned during the year 2019. Such remuneration was in the form of salary, bonus and other compensation comprising benefits in kind and compensation that has already been paid, which includes any deferred compensation accrued for the financial year in question and payable at a later date including bonus or profit-sharing scheme or any other profit-linked agreements or arrangements.

Sri Trang International Pte. Ltd. has entered into employment agreements with Dr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee. Each of these employment agreements does not have a fixed term of employment.

Pursuant to their respective employment agreements, Dr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee will be entitled to the following:

- a monthly salary and a variable bonus, as determined by the Profit Incentive Scheme (as defined below); and
- reimbursements of all reasonable business expenses incurred or paid for during the term of employment, in connection with the performance of their duties to Sri Trang Group.

## Profit Incentive Scheme

Each of our Directors, Dr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee are entitled to participate in a profit incentive scheme (the "Profit Incentive Scheme") in respect of each financial year of our subsidiary, Sri Trang International.

Under the Profit Incentive Scheme, in respect of each financial year, if the board of directors of Sri Trang International determines that there is a surplus ("Surplus") after deducting (i) 10% of Sri Trang International's issued and paid-up capital, or such other amount as may be determined by the board of directors of Sri Trang International, at their sole discretion, from time to time; (ii) 5% of any retained profits as at the beginning of the relevant financial year; and (iii) accumulated losses as at the beginning of the relevant financial year, from Sri Trang International's profit after tax (as reflected in its audited accounts), 20% of such Surplus will be payable under the Profit Incentive Scheme ("Profit Incentive").

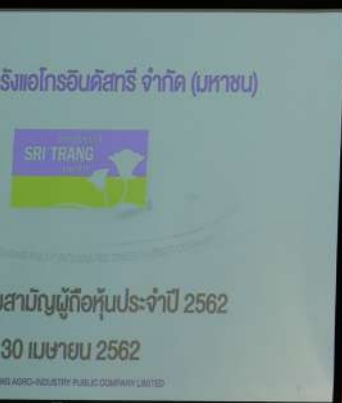
## (3) Other Remuneration

In 2019, the Company has paid contributions to the employee provident fund for the Board of Directors and Executive Officers in the following amount:

	Total list (Persons)	Amount (Baht)
Contributions to employee provident fund	14	3,147,335

## Employees' Retirement Benefits

STA provides employees' retirement benefits to employees in accordance with Thai labor laws. Such benefits that each employee is entitled to depend on the salary base and the number of years that the employee has been working for STA until the termination date.



## Re-election of Directors

A retiring Director shall be eligible for re-election. The Directors to retire in every year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment. The details of re-election of the Directors are set out as follows:

Name of Director	Position	Date of first appointment to the Board	Date of last re-election as Director
1. Mr. Viyavood Sincharoenkul	Chairman / Managing Director	27 December 1993	26 April 2018
2. Ms. Anusara Chittmittrapap	Vice Chairman / Independent Director / Member of the Audit Committee	21 September 2017	30 April 2019
3. Mr. Chaiyos Sincharoenkul	Director	27 December 1993	30 April 2019
4. Mr. Kitichai Sincharoenkul	Director / Group Manager of Legal and Administration	10 April 1995	25 April 2017
5. Mr. Paul Sumade Lee	Director / Chief Marketing Officer	28 June 2010	26 April 2018
6. Mr. Veerasith Sinchareonkul	Director / Chairman of the Risk Management Committee	28 April 2010	26 April 2018
7. Mr. Patrawut Panitkul	Director / CFO	29 April 2014	25 April 2017
8. Mr. Chalernpop Khanjan	Director / Chief Operating Officer	29 October 2015	30 April 2019
9. Mr. Kriang Yanyongdilok	Independent Director / Chairman of the Audit Committee	25 January 2000	30 April 2019
10. Mr. Samacha Potavorn	Independent Director / Member of the Audit Committee	1 February 2008	25 April 2017
11. Gen Thanasorn Pongarna	Independent Director	8 July 2019	-



# Corporate Governance



## Corporate Governance Policy

The Board of Directors of STA has conducted the business operation appropriately and effectively in accordance with its objectives by utilising expertise, diligence, and due care to protect the interests of the Company and to comply with the laws, objectives, and the Articles of Association of STA. The Board of Directors of STA has also followed the Principles of Good Corporate Governance for Directors of Listed Companies and the Principles of Good Corporate Governance for Listed Companies 2017. The roles and responsibilities of the Board of Directors of STA are all managed with due care, in particular in the process of decision making. Careful consideration is given using reasonable judgment based on honesty, transparency, ethics, and the concern of stakeholders as well as all aspects of the best interests of shareholders.

## Principles of Good Corporate Governance

STA has established and reviewed principles for good corporate governance in accordance with the Principle of Good Corporate Governance for Listed Companies as prescribed by the SET. The details of 5 principles of good corporate governance areas that are appropriate for current business environment are as follows:

## Rights of Shareholders

STA always realises that the main factors for building shareholders' trust and confidence for investing in the businesses of STA are the application of policies and operations that protect the fundamental rights of the shareholders as well as the equality of all shareholders as prescribed by the laws, and encouraging the shareholders to exercise their fundamental rights. For example:

### (1) Right to Receive Profit Sharing in the Form of Dividend

STA has a policy on dividend payment which is based on careful consideration of the financial position, results of operation and cash flow of STA, the ability of our subsidiaries, associates and joint venture entity to make dividend payment, STA's expected working capital requirements to support the future growth of STA, the economic situation, and other external factors that STA expects will have an impact on its operations. In order to manage the business operation efficiently, the dividend payment policy is at approximately 30 percent of the net profit.



## **(2) Right to Attend the Shareholders' Meeting**

STA pays great attention to the sufficiency of information so that the shareholders are able to make a well-informed decision at the shareholders' meeting, including casting their votes and expressing their opinions on significant changes and the election of the Board of Directors of STA, based on information which is accurate, complete, transparent, and equally shared.

Where the STA's shares are held through CDP, CDP will be the only holder on record of such shares. Accordingly, as a matter of Thai law, CDP will be the only person or entity recognised as a shareholder and legally entitled to vote on any matter to be submitted to the vote of the Company's shareholders at a general meeting of shareholders.

CDP has appointed a Thai custodian to safe keep all the shares held by CDP. Such Thai custodian will act as CDP's proxy during a general meeting of shareholders and CDP will instruct such Thai custodian to split its votes in accordance with the instructions that CDP receives from investors holding shares through CDP. However, shareholders who desire to attend shareholders' meetings and exercise their voting rights under their names with regard to the shares beneficially owned by them will be required to transfer their shares out of the CDP system and have the share transfer registered in the share register book. In addition, a shareholder who transfers the Company's shares out of the CDP system will not be able to trade such shares on the SGX-ST unless he first transfers such shares back into the CDP system.

STA has a policy to facilitate shareholders and institutional investors who attend shareholders' meeting by allowing them to send shareholders' meeting registration document in advance in order to reduce time verifying documents on the meeting date. STA provides stamp duty for shareholders to give their proxy and arranges registration stations for both shareholders and institutional investors. Barcode system is also applied to expedite the registration and the vote counting process.

## **(3) Right to Vote on Agenda Items in the Shareholders' Meeting**

The completed invitation to shareholders' meeting and attachments will be forwarded to shareholders

in advance. The invitation to shareholders' meeting includes details on agenda items, attachments to agenda items, opinions of the Board of Directors of STA, proxy forms as prescribed by the Ministry of Commerce, a name list of all independent directors to whom the shareholders are able to give their proxy, and a map of the meeting venue. The invitation to the shareholders' meeting also includes the information regarding the required documents that shareholders have to present to the meeting in order to protect their right to attend the meeting, the Articles of Association of STA pertaining to the shareholders' meeting, and voting instructions. Furthermore, so that the investors can obtain information thoroughly, the shareholders can access all information with respect to the agenda of the shareholders' meeting at [www.sritranggroup.com](http://www.sritranggroup.com) and the website of the SGX-ST at [www.sgx.com](http://www.sgx.com) ("SGXNET") in advance at least 30 days prior to the meeting date. Moreover, STA has assigned Thailand Securities Depository Co., Ltd. (TSD) and CDP as its securities registrar to dispatch the meeting invitation and other related documents to shareholders at least 21 days prior to the meeting. The policy of STA is that no additional agenda item is included in the meeting without prior notice to the shareholders.

For the election of directors agenda, STA gives an opportunity to shareholders to vote on individual directors. In addition, STA provides examiners for the vote counting on the meeting date and discloses the information in the minutes of the shareholders' meeting.

## **(4) Equal Right to Express Opinions and Make Inquiries in the Shareholders' Meeting**

With respect to agenda items and proposed agenda items, the Chairman of the shareholders' meeting should allocate sufficient time and encourage the shareholders to express their opinions and make inquiries in the meeting. The Chairman of each sub-committee comprising Mr. Kriang Yanyongdilok n, STA's Lead Independent Director as well as the Chairman of the Audit Committee, the Remuneration Committee, and the Nominating Committee and Mr. Veerasith Sinchareonkul, the Chairman of the Risk Management Committee will be present at the annual general meeting to address questions that



shareholders' may have. External auditors will also be present to address queries in relation to the audit of the Company and the auditors' report. STA will note the questions and clarifications in the minutes of the shareholders' meeting for acknowledgement of shareholders who did not attend the meeting.

### Fair Treatment of Shareholders

STA has the policies of fair and equitable treatment to all groups of shareholders including institutional investors, foreign investors, and retail shareholders.

- (1) The shareholders' meeting shall be held in accordance with the agenda mentioned in the invitation to shareholders' meeting. STA sends a complete invitation to shareholders' meeting, including attachments, both in Thai and English language with all sufficient information relevant to the meeting to the shareholders. Moreover, STA posts all information which is relevant to the meeting at its website ([www.sritranggroup.com](http://www.sritranggroup.com)) so that the shareholders will have sufficient time to carefully study this information. In addition, the invitation to shareholders' meeting shall be advertised no less than three days prior to the shareholders' meeting in a daily newspaper for at least three consecutive days in order to allow shareholders to have sufficient time to prepare for attending the shareholders' meeting. Before the commencement of each meeting, the Chairman will give instructions on the voting and the counting methods as clearly prescribed. During the meeting, the Chairman allows the shareholders, equally, to make inquiries and express their opinions as well as to make recommendations. The Chairman also answers questions and provides complete information as requested by the shareholders. After the meeting, STA will send the minutes of the shareholders' meeting to the SET within the prescribed period.
- (2) STA gives an opportunity to shareholders to cast their vote on one share one vote approach and encourages the shareholders to use ballots for voting on each agenda item. The ballots shall be kept in the meeting room for vote counting prior to the announcement of the resolutions. For the purpose of transparency, STA makes an announcement of the detailed results showing the number of votes cast for

and against each resolution and the respective percentages and keeps all ballots having signatures of the shareholders or their proxy for future reference.

- (3) Minutes of the shareholders' meeting must be accurately and completely recorded and submitted to the SET within 14 days after the shareholders' meeting. The resolutions of the shareholders' meeting will be announced on SET and SGX's websites and posted on the website of STA at [www.sritranggroup.com](http://www.sritranggroup.com) and on SGXNET.
- (4) The policy regarding the monitoring of the use of insider information has been established for strict compliance by personnel at all levels.
- (5) Directors, executives and related persons as stated in Section 89-1, the Securities and Exchange Act B.E. 2535, must report changes in securities holding of STA to the SEC according to Section 59 of the Securities and Exchange Act B.E. 2535 within 3 business days from the first day that securities holding changes. They must also provide a copy of such report to the Company Secretary in order to gather, submit a summary and propose to the Board of Directors' meeting quarterly.
- (6) STA establishes the silent period policy to abstain from securities trading 30 days before the announcement to the Stock Exchange of Thailand and at least 24-48 hours after the public disclosure for directors and executives, as the SEC's prescribed, to strictly comply with.
- (7) Directors and executives are required to report their conflict of interests including their related persons at the first time for newly nominated directors and executives and if any changes during his/her position as well as at the end of each year by assigning Company Secretary to keep the report. If there is any conflict of interest found, Company Secretary shall report to the Chairman of the Board and the Chairman of Audit Committee to acknowledge.
- (8) A full and clear disclosure of shareholding structure in the subsidiaries and associates is made to assure shareholders that the operational structure of STA is transparent and accountable.

- (9) STA places importance on the accurate, full, timely, and transparent disclosure of information on various issues to shareholders. As such, significant information is disclosed on a regular basis.
- (10) STA has established a channel of communication for minority shareholders to directly access information on various issues e.g. the activities of the Board of Directors, supervision and monitoring of the operation, and auditing through the email address of the independent directors. Furthermore, minority shareholders may directly seek information from the Company Secretary of STA and the Investor Relations Office as following details:
- The Audit Committee, E-Mail Address: [auditcommittee@sriranggroup.com](mailto:auditcommittee@sriranggroup.com)
  - The Company Secretary, E-Mail Address: [corporatesecretary@sriranggroup.com](mailto:corporatesecretary@sriranggroup.com)
  - The Investor Relations Office, E-Mail Address: [ir@sriranggroup.com](mailto:ir@sriranggroup.com)
  - Telephone no. +66-2207-4590

### Role of Stakeholders

STA fully realises that the growth and development of STA has resulted from the full support given by all interested parties. STA places importance on the rights of all stakeholders, both internal stakeholders such as personnel, staff members, and the Executives of STA and the subsidiaries and external stakeholders such as commercial partners ranging from the suppliers of raw materials to various groups of customers of finished products, financial institutions, government agencies that provide close co-operation, and finally, the shareholders of STA. In this regard, STA realises its responsibilities towards the above-mentioned stakeholders. The Board of Directors of STA has reviewed stakeholder engagement policy and established the policies concerning the non-infringement of intellectual property such as copyright, patent, and trademark as well as the whistleblower policy which has specified the channels of notice or complaint, operating procedure, and guidelines for the protection of claimer(s) in the Company's website. The Board of Directors has also established the anti-corruption policy to build a good conscience and right core value in order to prevent any type of corruptions in the organisation.

STA is aware of the principles and standards on human rights. As such, STA has established human rights and

non-discrimination policy focusing on the equitable treatment to all stakeholders. Such policy was disseminated to all employees for their adherence.

On 21<sup>st</sup> August 2018, STA was certified to be a member of Thailand's Private Sector Collective Action against Corruption (CAC), which has reinforced our business morale on corporate governance for sustainable growth.

In the year 2019, the Company had reviewed the work process to comply with the requirements of the Private Sector Collective Action against Corruption.

The followings are details of policies in connection with stakeholders:

**Shareholders:** STA is committed to be the representative of its shareholders in conducting its business operation in a transparent manner, and having a reliable accounting and finance system that brings the highest satisfaction to shareholders by continuous considering the long-term, sustainable growth of STA and an adequate return.

**Employees:** STA treats its employees equally and fairly by providing a good and safe working environment and adequate remuneration. Moreover, STA supports its employees in terms of providing the opportunity to develop knowledge, skills and experiences for career improvement. STA has established a Health and Working Environment Committee. A training program is specially designed for relevant personnel responsible for overseeing, providing advice, and giving accurate information on safety, occupational health, and the working environment, and the prevention of accidents resulting from work as well as providing other interesting health information to the employees. Considering the employee's welfare with respect to the safe and maximum working efficiency, STA promotes and provides training to employees to worthily utilise natural resources and introduces various activities that promote the quality of life of employees, such as establishing annual health checkup, a library and creating entertainment programs as well as various activities which are designed to promote employees' good physical and mental health. Moreover, a handbook for employees has been published and is publicised through STA Intranet.

The Company has established the employee provident fund of which permanent employees are entitled to apply for with options to pay the contribution at the fixed rate or at the rate equal to

the contribution paid by the Company. The contribution rate paid by the Company depends on years of services of each employee. The employee will receive such provident fund benefit on the termination of their employment or upon their resignation from provident fund according to their entitlement except for cases where the terminations are not eligible to the compensations.

The Board of Directors of STA has established the anti-corruption policy and communicated with employees to provide better knowledge and understanding for the prevention of corruption. This is to build a good business conscious, right core value, and good corporate culture.

The Board of Directors of STA has established the Whistleblower Policy and set channel for appellant from all groups of stakeholder regarding falsify or inappropriate actions which may cause the damage to the Company including protective measures for claimer who is in good faith.

STA has established a channel of communication for shareholders or any stakeholders to directly report to the directors. The Audit Committee assigned to receive these complaint reports will investigate and report to the Board of Directors. Furthermore, shareholders or any stakeholders may directly seek information from the Company Secretary of STA and the Investor Relations Office as following details:

- The Audit Committee, E-Mail Address: [auditcommittee@sriranggroup.com](mailto:auditcommittee@sriranggroup.com)
- The Company Secretary, E-Mail Address: [corporatesecretary@sriranggroup.com](mailto:corporatesecretary@sriranggroup.com)
- The Investor Relations Office, E-Mail Address: [ir@sriranggroup.com](mailto:ir@sriranggroup.com)
- Telephone no. +66-2207-4590

**Customers:** STA is committed to creating customer satisfaction by producing quality products and delivering the products on a timely basis and maintaining a good sustainable relationship. A guideline for customer relations practice is included in the Code of Business Conduct under Conduct of Relations to the Customers.

**Business Partners:** STA has the procurement policy to screen business partners and purchases goods and services from such business partners pursuant to commercial conditions. The Company

always complies with the agreements entered into with its business partners and strictly follows the laws and regulations and possesses good business ethics in regard to equal and transparent business competition.

**Competitors:** STA promotes and supports the policy of fair and free competition. STA will not take any actions that infringe or violate any laws related to commercial competition or that could cause harm reputation of its competitors.

**Creditors:** STA complies with the conditions of loan agreements and provides accurate, transparent, and accountability information to creditors. Moreover, STA strictly adheres to the compliance with the prescribed conditions of the contract from creditors.

**Government Agencies and Related Organizations:** STA strictly complies with various laws and regulations e.g. laws pertaining to the environment, safety, labour, tax management and accounting, as well as the government notifications relating to the business operations of STA.

**Society and Environment:** STA is aware of and concerned about the safety, environment, and the quality of life of the people, and the importance of natural resources conservation, the promotion of energy sufficiency, the alternative use of natural resources to minimize the impact on society, the environment and people's quality of life to the greatest possible extent. As such, STA supports activities in the neighborhood community of the factories by providing the most efficient management of safety and environment.

The Board of Directors has supervised and monitored the management system to ensure full compliance with laws and regulations of regulatory agencies and the fair and strict equitable treatment of all stakeholders. Additionally, the Company has prepared Sustainability Report to communicate the Company's operation in materiality matters to all stakeholders.

## Information Disclosure and Transparency

- (1) The Board of Directors of STA is responsible for the accurate, complete, clear, timely, and transparent disclosure of both significant financial and non-financial information of STA both Thai and English in balance and easy to understand form through the Annual

Registration Statement (Form 56-1), the Annual Report (Form 56-2), and management discussion and analysis on a quarterly basis via easy-to-access channels, which reflects fairness and reliability at the same time of maintaining the commercial interest of STA so that the stakeholders are all equally able to receive information in compliance with the Securities and Exchange Commission, the Stock Exchange of Thailand, and the requirements of various regulators.

- (2) STA has set up a public relations department in order to communicate with investors and related third parties. The Investor Relations Office is the center for communication between shareholders, stakeholders, investors, analysts, and other related parties.
- (3) To report the corporate governance policy through the Annual Registration Statement (Form 56-1), the Annual Report (Form 56-2), and the Company's website.
- (4) To disclose vision, mission, and goal of the Company. Such disclosed information will be reviewed by the Board of Directors of the Company on yearly basis.
- (5) To clearly disclose the shareholding structure of the Company including shareholding of the directors and the Executives of the Company both direct and indirect by presenting the beginning and ending shares as well as movement transaction during the year.
- (6) To establish the policy that the directors must report all trading in securities and quarterly present to the Board of Directors.
- (7) To establish the policy for the directors and the Executives to report their interest on the first appointment to the position and at the end of every year or every time when there is a change.
- (8) To present report of the Board of Director's responsibility for the financial reports together with auditor's report in annual report.
- (9) To disclose minutes of the annual general meeting on website of the Company.
- (10) To disclose profile of the directors and their attendance on the Board of Directors and Sub-Committee meeting of the preceding year.

- (11) To disclose the date of first appointment to the Board of each director.
- (12) To disclose details of training and development program that the directors joined during the preceding year.
- (13) To disclose the audit fees and non-audit fees in annual report.
- (14) To disclose Memorandum of Association and Article of Association in the website of the Company.
- (15) The Board of Directors of STA has a duty to provide management discussion and analysis and report risk factors, types of risk, the cause and impact of risk upon the business operation of STA, competitions, market share, business structure, and dividend policy through the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).
- (16) STA provides various communication channels such as website, annual report, sustainability report, analyst meeting so that shareholders or investors can easily access company information thoroughly and equally.
- (17) STA discloses significant information in Thai and English through website that is updated regularly. The Investor Relations Office at Bangkok Branch can be contacted at: Tel: +66-2207-4500, Fax +66-2108-2244, or at [www.sritranggroup.com](http://www.sritranggroup.com)

## Responsibility of the Board of Directors

### (1) The Structure of the Board of Directors

The Board of Directors of STA, consisting of directors who have knowledge, competence, profession or expertise in various areas dedicating their experiences in business, has the duty to determine policies, visions, strategies, goals, missions, business plans and budgets of STA, as well as to monitor the management team to effectively and efficiently manage the business of STA in accordance with the policies under the legal framework, objectives, the Articles of Association of STA and the resolutions of the shareholders meeting and the Board of Directors Meeting. Such duties must be performed with responsibility, due care and loyalty under the principles of good corporate governance in order to increase the best economic value for the



business and the highest stability for the shareholders.

Moreover, in compliance with the principles of good corporate governance and in order to ensure the Directors' effectiveness of work, the Board of Directors has established the policy that the Directors should not hold directorship positions for more than five listed companies. In the case that any director holds the office of director in more than five listed companies, the Board of Directors will further review the efficiency of such director's performance.

According to the Articles of Association of STA, at every annual general meeting, one-third of the Directors, or, if the number of Directors is not a multiple of three, then the number nearest to one-third, shall retire from office. The Directors who are to retire from office in the first and the second years after registration of the company shall be drawn by lots. In the subsequent years, the Directors who have been holding office for the longest time shall retire.

The Board of Directors has passed a resolution to appoint Mrs. Pacharin Anuwongwattanachai as Company Secretary to provide advice on compliance with relevant laws and regulations which the Board of Directors is required to know. The Company Secretary shall also supervise the activities of the Board of Directors and ensure that the resolutions of the Board of Directors meeting have been complied with.

## **(2) Sub-committees**

To comply with good corporate governance, the Board of Directors of STA has appointed five sub-committees namely the Audit Committee, the Executive Committee, the Remuneration Committee, the Nomination Committee, and the Risk Management Committee to scrutinize specific matters thoroughly and effectively

## **(3) Roles, Duties, and Responsibilities of the Board of Directors**

The Board of Directors of STA oversees the business operation and the mission of STA to be in accordance with the approval given by shareholders, applicable laws, objectives, the Articles of Association of STA, and resolutions of the Board of Directors meeting and the

shareholders meeting. The Board of Directors of STA must exercise good business judgment in making business decisions and perform its duty with responsibility, due care, and loyalty in the best interests of the Company.

## **Conflict of Interests**

The Board of Directors of STA has established a policy for preventing conflicts of interests on the basis that any decision-making on business transactions must be made only for the best interest of STA, and that any act which may cause a conflict of interest should be avoided. It is required that a person involved in or having a conflict of interest in any agenda item to be discussed in a meeting shall report the relationship or conflict of interest in such agenda item to STA, as well as abstain from voting and shall have no authority to grant approval for such transaction.

## **(4) The Board of Directors Meeting**

According to the Articles of Association of STA, the Board of Directors shall hold a meeting at least once every three month. The Company shall prepare the schedule of the meeting for the whole year and inform all directors to acknowledge in advance within December every year. Any additional meetings shall be arranged if necessary, so that the Board of Directors shall monitor and give their opinions on the performance, vision, strategy, important policies, risks, and other issues affected creating sustainable value to STA. A meeting notice will be delivered to directors at least seven days prior to the date of the meeting, except in the case where it is necessary or urgent to preserve the rights and benefits of STA. At each meeting, the agenda items of the meeting must be clearly specified and supported by complete and sufficient documents, and must be delivered to the directors in advance so that the directors will have sufficient time to study such information prior to the meeting. At the meeting, each director is allowed to openly discuss and express his/her opinion and at least two-third of the total number of directors shall be presented to form a quorum at the time of the Board passing a resolution. In addition, at the meeting of the Board of Directors, the senior executives will be invited to participate in order to present additional details of information on such matters in which they are directly involved.

STA is committed to providing the Board of Directors with adequate, complete, and continuous information in a timely manner prior to a Board of Directors meeting. The management provides information requested by the Board promptly and keeps the Board informed of all material events and transactions as they occur. The Board has separate and independent access to senior management and the Company Secretary at all times.

The Directors may, in fulfilling their duties, as a group or individually, when necessary, direct the Company to appoint external professionals to render advice. The Company Secretary is responsible for advising the Board of Directors on compliance with legal and regulatory requirements.

#### (5) Remuneration

The director remuneration policy has been clearly and transparently established by the Board of Directors by delegating the Nomination and Remuneration Committee to consider and review the appropriateness.

- **The Remuneration of Directors Policy**

The Board of Directors defined the director remuneration policy. The remuneration is specified annually to the Chairman of the Board of Directors, Executive Directors, Non-Executive Directors, the Chairman of Audit Committee, and Audit Committee Members with no additional meeting allowance. In this regard, the Remuneration Committee has a duty to propose a framework and criteria of remuneration for the Directors to the Board of Directors' meeting to agree with before proposing to the Shareholders' meeting to approve. The remuneration is considered based on the Company's performance, the director's responsibility and compared with the other listed companies in SET that have similar market capitalization as well as other listed companies in the same industry. This shall support the remuneration structure to be appropriate for the perseverance, responsibilities, and experiences of Directors that shall lead the Company to be achieve in both short-term and long-term goals. In addition, the remuneration will be disclosed in the Company's annual report.

- **The Remuneration of Management Policy**

The CEO, as a representative of the Board of Director, shall consider the management remuneration policy. Such remuneration will be appropriately considered based on the remuneration structure of the Company comparing to remuneration information surveyed by recognized institutes, organizations and entities as well as the inflation rate and net profits of the Company together, including performance and consistency with the duties and responsibilities assigned.

#### (6) Training for the Directors and the Executives

STA usually provides an orientation to the newly appointed director so that such Director can discharge his/her duties effectively. The Company Secretary will liaise with the Directors in any matters such as affidavit, Articles of Association, manual of director in Annual Registration Statement (Form 56-1), working system information within the Company, and other related laws and regulations.

The Board of Directors has a policy to enhance and accommodate the provision of training on good corporate governance. Regular and continuous training programs are provided to directors so that they can improve their knowledge. STA has the policy to support the Directors and the senior management at least one person a year to join any training programs that equip them with knowledge to support their duties.

Moreover, STA has made available resources for Directors to receive training in any relevant specific area to enable them to discharge their duties with due care and loyalty.

The Board of Directors of STA has paid attention to Directors and Executives development by having a policy to encourage at least one person of Directors, Executives, or Company Secretary to have training and knowledge development on a yearly basis. This helps broaden their perspectives benefit for STA's business development. In 2019, there were Directors and Executives attended training courses as below:

Name of Director/ Executive	Position	Training Courses	Held by	Training Date
Mr. Veerasith Sinchareonkul	Director	Bangkok ASEAN Tour 2019	Fullerton Markets	3 August 2019
		Libra Currency	Zipevent	9 July 2019
		Global and Thai Market Outlook in 2020 – Uncertainties, Risks and Opportunities	United Overseas Bank (Thai) Public Company Limited	15 November 2019
Mr. Patrawut Panitkul	Director / CFO	Inner Engineering for Effective Communication Program	NLP Top Coach Co., Ltd.	28-29 September 2019
		TLCA CFO Professional Development Program (TLCA CFO CPD) 2019, “Automation & RPA (Robot Process Automation) for Accounting Financial Report Due Diligence	Thai Listed Company Association (TLCA) CDP Tutor Training Institute	12 September 2019 23 December 2019
Mr. Chalernpop Khanjan	Director	Company Innovation Capability	National Innovation Agency (Public Organization) (NIA)	Every Thursday in November 2018 – January 2019
		Energy & Environmental Management Workshop	SCG Cement Co., Ltd.	13-14 July 2019
Mr. Kriang Yanyongdilok	Independent Director / Chairman of Audit Committee	Insight and Accurate in Financial Principle of Construction and Selling Property for NPAEs	Account Training Co.,Ltd.	3 November 2019
		Key Issues of TFRS for NPAEs, TFRS15, and TFRS16	GTO Training Co.,Ltd.	8 November 2019
		Financial Report and Employee Benefits Followed by NPAEs	GTO Training Co.,Ltd.	9 November 2019
Mr. Kriang Yanyongdilok and Mr. Samacha Potavorn,	Independent Director / Audit Committee Members	Business Sustainability in the Digital Era	EY Office Limited	18 October 2019
Mr. Kriang Yanyongdilok, Mr. Samacha Potavorn, and Ms. Anusra Chittmittrapap	Independent Director / Audit Committee Members	Seminar: Research Paper Result on Audit Adjustments	SEC	16 December 2019
Mrs. Pacharin Anuwongwattanachai	Company Secretary	Seminar: Smart Disclosure Program (SDP)	The Stock Exchange of Thailand	28 June 2019
		Seminar: e-Payment Law to support tax collection and verification in Digital era	Dharmniti Seminar and Training Co.,Ltd.	7 August 2019
		Seminar: Business and Human Right for Private Sector in the Stock Market	SEC	7-8 November 2019
		Seminar: Accounting Practice of Employee Benefit, TFRS 19, the Effect on Business Operation	Dharmniti Seminar and Training Co.,Ltd.	25 November 2019
		Seminar: Research Paper Result on Audit Adjustments	SEC	16 December 2019



## (7) Assessment of the Directors' Performance

STA has conducted the Directors' Self-Assessment where the assessment form is in accordance with the good corporate governance so that the assessment results can be further used to develop the performance of the directors. Four types of assessment form are;

- The Board Assessment Form (Assessment of the Board as a whole)
- Individual Board Member Assessment Form (Self-Assessment)
- Sub-committee Assessment Form (Self-Assessment of the Sub-committee comprised the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Risk Management Committee)
- Chief Executive Officer (CEO) Assessment Form

The guideline for the assessment grading for each area is as follows:

Greater than or equal to 90% = Excellent

Greater than or equal to 80% = Very good

Greater than or equal to 70% = Good

Greater than or equal to 60% = Fair

Less than 60% = Poor

The assessment process can be summarised as follows:

The Company Secretary is to prepare and review assessment forms in accordance with the related rules to ensure the accuracy and completeness before presenting to the Board for a recommendation. The assessment form will be then passed to the directors to evaluate. The Company Secretary will summarize the assessment results.

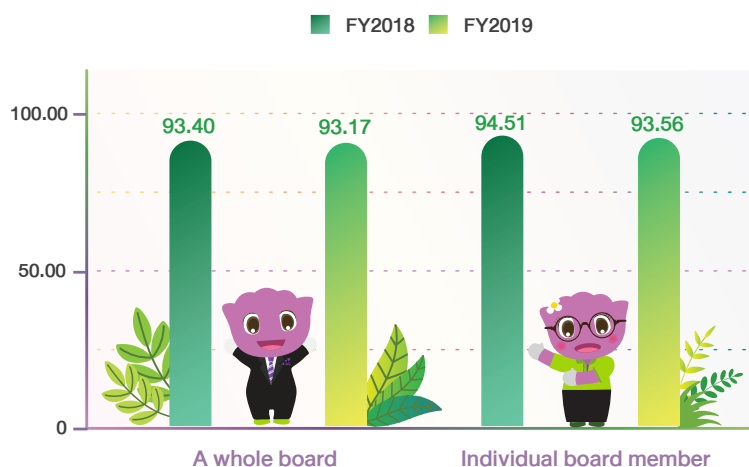
The details of assessment can be summarized as follows:

1. The Board Assessment Form (Assessment of the Board as a whole) consists of 6 areas; structure and qualification of the Board of Directors, roles, duties and responsibilities of the Board of Directors, the Board's meetings, the Board's performance of duties, relationship with management, and self-development of the Directors as well as the development of Executive Officers.
2. Individual Board Member Assessment Form (Self-Assessment) consists of 4 areas; 1) responsibility on their decisions and actions, 2) the effective performance of their duties, 3) fair and 4) equitable treatment to the stakeholders, transparency and traceability of work with the disclosure of information, and level of Principles of Business Ethics as well as Code of Business Conduct on their business operation.
3. Individual Sub-committee Assessment Form (Assessment of the Sub-committee as a whole) consists of 3 areas; the structure of the sub-committees, effectively carry out duties during meetings and duties and responsibilities of the sub-committees.
4. Chief Executive Officer (CEO) Assessment Form consists of 10 areas; 1) leadership, 2) strategic planning, 3) strategy implementation, 4) financial planning and operating results, 5) relationship with the Board of Directors, 6) relationship with external party, 7) management skill and relationship with employees, 8) successor plan, 9) knowledge of products and services, and 10) personal character.

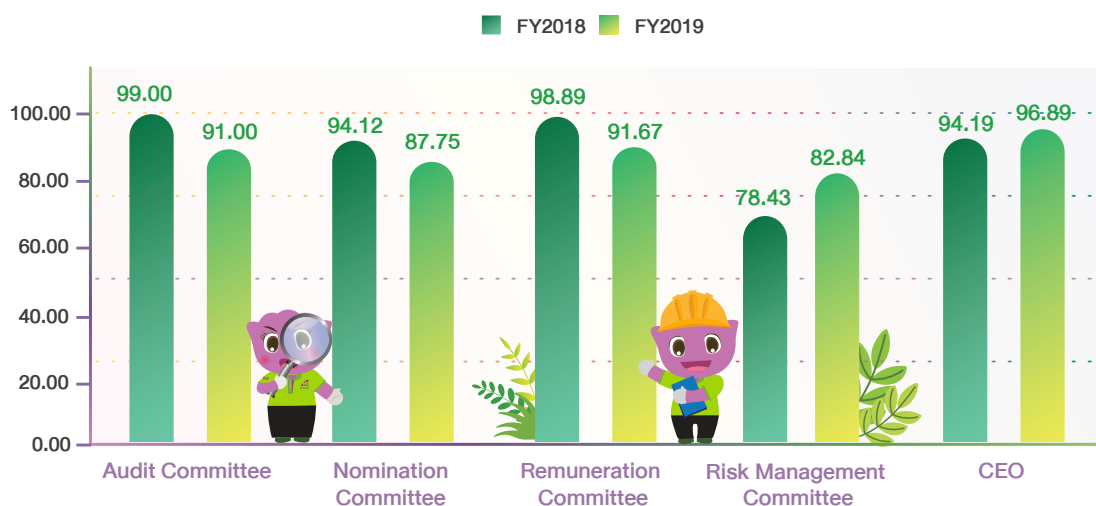


The assessment results can be summarised as follows:

### Board of Directors' Self-Assessment Result



### Sub-Committees and CEO's Self-Assessment Result



#### (8) Director Selection

For the director selection, the Board of Directors defines the qualification of director candidates to harmonize with STA's strategy in business operation by considering the composition based on the board diversity, including knowledge, skills, experiences, ages, and genders of Directors. Additionally, STA shall adopt the director pool database prepared by the Thai Institute of Directors Association in the director selection process to ensure that a candidate for being a director or an executive is qualified and independent as well as has proper experience before proposing the Board of Directors or shareholders to consider to appoint. Anyhow, the Board of Directors shall consider the appointment of a director in replacement of the resigned director with the remaining term in office. For a new director and/or a director who completes his/her term in office shall be appointed by the shareholders.

## EXCELLENT CG SCORING



### Policy for the Use of Inside Information

STA and its subsidiaries operate business with transparency and are aware of the importance of the use of inside information. To comply with the Securities and Exchange Act, B.E. 2535 (as amended) (the **'SEC Act'**) including relevant rules and regulations, the Company sets out this Policy for the Use of Inside Information and measures to prevent the disclosure or use of confidential and/or non-public inside information of the Company by directors and executives including those holding an executive position in accounting or finance at the level of division manager or higher including employees of the Company and its subsidiaries for their own benefit or for others' benefit, either directly or indirectly and irrespective of whether such disclosure or use of confidential and/or inside information would be for consideration. This also extends to the use of inside information for the purpose of securities trading.

### Practice guideline

1. The Company will educate its directors and executives on the obligation to prepare and disclose reports on securities holding and the change thereof of (a) such directors and executives themselves, (b) their spouses or de facto partners; (c) minor children and (d) a legal entity in which the director or executive, his or her (b) and (c) collectively hold shares more than 30 per cent of the total voting rights, provided that such aggregate shareholding is considered the largest

shareholding in such entity. The reports shall be disclosed to the Office of the Securities and Exchange Commission in accordance with Section 59 of the SEC Act and the relevant notification of the Office of the Securities and Exchange Commission. The Company shall also educate its directors and executives on the reports on acquisition or disposal of securities in accordance with Section 246 of the SEC Act and relevant notifications of the Capital Market Supervisory Board.

2. The Company requires that each director and executive prepare and submit to the Company Secretary reports on securities holding and the change thereof of (a) such directors and executives themselves, (b) their spouses or de facto partners; (c) minor children and (d) a legal entity in which the director or executive, his or her (b) and (c) collectively hold shares more than 30 per cent of the total voting rights, provided that such aggregate shareholding is considered the largest shareholding in such entity. The reports shall have the prescribed format of the Office of the Securities and Exchange Commission. Each submission of the reports to the Company Secretary shall be made on the same day with the submission of the relevant reports to the Office of the Securities and Exchange Commission. Reports on securities holding and the change thereof and an

acquisition or disposal of securities shall be prepared using methods and submitted within the period specified under the SEC Act and relevant notifications of the Office of the Securities and Exchange Commission. The Company Secretary shall report the same to the Board of Directors on a quarterly basis.

3. The Company prohibits the use of inside information by definition given under the SEC Act by directors, executives and relevant staff and employees including those assumed to have been aware of or in possession of non-public inside information that is price sensitive or which may have an impact on the decision of investors in purchasing or selling securities of the Company, or which may cause damage to investors who wish to invest in securities of the Company. The prohibited use of inside information includes the use of inside information for purchasing, selling, offering to purchase or to sell or soliciting others to purchase, sell, offer to purchase or to sell securities of the Company, either directly or indirectly, and irrespective of whether such an act will be for the benefit of themselves or for the benefit of others, or the disclosure of such information for others to perform such acts, and whether the act is committed for consideration. In addition, such directors and executives, relevant staff and employees including their spouses or de facto partners and minor children shall refrain from purchasing, selling, offering to purchase or to sell or soliciting others to purchase, sell, offer to purchase or to sell securities of the Company, either directly or indirectly, during the period before the disclosure of the Company's annual and quarterly financial statements and financial performance or information relating to financial and status of the Company until such time when the information has become public. The Company will issue a letter to notify its directors, executives, staff and employees including those assumed to have been aware of or in possession of the inside information to refrain from trading in securities of the Company for at least one month prior to the public disclosure and at least 24 hours after the information has become public. It is

also prohibited to disclose such material information to any person by any means.

4. The Company requires that its directors, executives and employees including those of its subsidiaries maintain confidentiality of confidential and/or inside information of the Company and its subsidiaries including that of the business partners of the Company and its subsidiaries which has become available to them as a result of the performance of their duties. The use of confidential information and/or inside information of the Company and its subsidiaries including that of business partners of the Company and its subsidiaries shall be prohibited in any cases although such disclosure of information may not cause any damage to the Company, its subsidiaries or business partners.
5. The Company prohibits its directors, executives and employees of the Company and its subsidiaries from disclosing inside information of the Company and its subsidiaries. Directors, executives and employees of the Company and its subsidiaries are also prohibited from exploiting non-public inside information or material information made available to them during the course of their duties in the Company and/or its subsidiaries or from disclosing such non-public inside information or material information to the third parties for their own benefits or for others' benefits, either directly or indirectly, and irrespective of whether it is for consideration or not.
6. The Company puts in place a measure to impose sanctions against personnel who fail to comply with the Policy for the Use of Inside Information. Any use of inside information, either directly or indirectly, for personal benefits or for the benefits of others, irrespective of whether it is for directly or indirectly consideration or not, will be subject to disciplinary actions determined by the Company or to the sanctions of the law. Punishments will be assessed based on the intent of the action and the seriousness of the offence.

# Internal Control and Risk Management



STA recognizes the importance of internal control system, risk management, and the monitoring of the business operation, which is a continuous process; and the role and shared responsibilities of all our staff to ensure that the Company's business operation at all units shall drive the accomplishment of the Company's goal as set by the Board of Directors. The Company has established an Internal Audit Department which is an independent unit to directly report to the Audit Committee. The appointment, removal, and rotation of the management of Internal Audit Department need an approval from the Audit Committee. The Internal Audit Department shall perform an internal control assessment pursuant to the annual plan by considering related risk factors as approved by the Audit Committee as well as supporting the creation of a risk management system and providing various recommendations to ensure that all operations of the Company meet the objectives as planned. The Internal Audit Department has followed the Standard for the Professional Practice of Internal Auditing as a guideline which focuses on independent, just, and internationally standardized operations with high quality auditing. In addition, according to an independent auditor who certified the Company's

financial statements for the year 2019, there was no weakness in the internal control system which will materially affect the financial statements of the Company.

The following is a summary of the internal control and risk management system of the Company:

## Audit Committee

The Audit Committee responsibility is to consider the sufficiency of the Company's internal control system by continuously reviewing the performance of the Internal Audit Department and the independent auditor. The Audit Committee emphasizes the sufficiency and adequacy of the internal control system and ensures that all operations have complied with the laws, rules, regulations and other relevant policies. The Audit Committee may advise the development of internal control and internal audit system to the Board of Directors. If the Audit Committee has any recommendations or finds any significant error or misconducts, the Audit Committee will discuss with responsible management team and directly report such matters to the Board of Directors for appropriate actions or further improvement.



## Internal Audit Department

The Company has an independent Internal Audit Department, being responsible for assurance and consulting. The internal audit staffs can access all information of the Company without any limitations in order to independently monitor the operation of various units within the Group in accordance with the annual plan and as assigned by the Executive Committee or the Audit Committee by using the principles of risk management to make an assessment on the businesses or the working processes and report directly to the audit committee. In case of finding any item that should be improved, the procedure has been established to ensure that the findings are corrected in time. The internal audit department has appropriately and sufficiently recruited internal audit staffs with the knowledge and experience related to internal audit. Mr. Wittawas Krungtaenmuang serves as a Chief Audit Executive and the Company continuously encourages and support development of internal audit training.

## Operating Control System

The Board of Directors sets the business goal of the Company by determining the clear core value, vision, mission, as well as business growth and appointing working team to review Key Performance Indicators (KPIs) of each business unit. This is to ensure that the target in terms of financial outcome, operating result, customer satisfaction, etc. of each business unit will be consistently aligned with the Company's goals throughout the organization.

As the company is committed to maintaining business operations with transparency, fairness and accountability in line with the principles of good corporate governance in the year 2019, The Company has provided training for employees to provide knowledge and support good corporate governance. Including guidelines for combating corruption to comply with the company announced its intention to join the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), which the CAC board has approved Sri Trang Agro-Industry Company Limited (Public Company Limited was a member of CAC on 21 August 2018, which the company has consistently complied with the said regulations. In addition, the company has set whistleblowing policy and defined channels for all stakeholders to report invalid or inappropriate action which may cause the damage to the Company including protective measures for claimer who is in good faith.

## Risk Management

The Company pays attention and supports the concrete risk management system. The Board of Directors assigns the Risk Management Committee to review the risk management policy, to supervise and to support the risk management operations of the organization in accordance with the Company's strategy and business goals to ensure the constructive risk management system of the Company. In risk management, the Company considers the appropriateness of internal and external factors as well as circumstances that may affect the Company's operation. As a result, the evaluation and monitoring processes shall be run at all times. Furthermore, the Company regularly set up a meeting at the management level to evaluate the situation and define the strategic operation to prevent potential risks and construct the idea that risk management is the responsibility of every business unit to manage and control the risk to an acceptable level.

## Control

The Company has established the written measures and guidelines by placing in rules and regulations, approval authority and methods of operation for executives and employees at all levels to follow in the same direction. Furthermore, the Company has regularly reviewed the operations in accordance with rules and regulations such as employee performance appraisals which has been defined as Key Performance Indicators (KPIs). The Company also designs a mechanism to control operations which may cause significant risks such as Financial Department and Procurement by segregating the approval persons, and providing the recording, reviewing, auditing, and accounting records to be complete and accurate, as well as providing systematic information as required by law.

## Information and Communication

The Company has appropriate information systems for both the Internet Website and Microsoft office 365 by providing an Internet Website for shareholders, investors, and the general public able to receive important information about the Company regularly, it is also another way of communication in case of doubt or suggestions from shareholders, investors or the general public. Microsoft office 365 is a system used to communicate both internally and externally which could provide the correct, prompt, and thorough communication. Moreover, this channel is used as a

source of distribution or exchange knowledge that affects the efficiency increase and effectiveness for the Company's operations. In addition, the Company has established a vision focusing on technology development and innovation to increase operational efficiency, reduce costs and expenses namely the development of mobile application "STA FRIENDS" for raw material purchasing. The Company also recognizes and places an importance on cyber security by installing IT equipment to protect against cyber threats restricting access rights to control access to information etc.

### Monitoring and Evaluation Systems

The Management continuously monitors economic events and directions in order to assess and adjust operating strategies to suit current situations. Along with the plan to support events that may affect the organization's goals in the future as for the performance, the Company has monitored the employees to perform according to the specified procedures by reporting the performance according to KPIs for continuous and timely evaluation. In addition, the Company has monitored regular compliance with the internal control system and if any defects are found in the internal control system have communicated to the department for acknowledgment in order to make improvements with monitoring and report to the Audit Committee and the Executive Committee to ensure that the administration and supervision of the organization are efficient and effective.

According to the Audit Committee meeting no. 1/2020, on 30 January 2020, the Audit Committee evaluated the internal control system of the Company and stated the opinion that the internal control of the Company was adequate and appropriate by asking questions from the management and related personnel. To conclude, the assessment form of the internal control system of the Company in five parts composed of: 1) Internal control of the organization, 2) Risk assessment, 3) Control of the operation of the management, 4) Information and Communication Systems, and 5) Follow up system, the Audit Committee expressed its opinion that the Company's internal control system is sufficient and appropriate by providing sufficient personnel to implement the system efficiently, then proposed the Board of Directors Meeting No. 1/2020, on February 28th 2020 to consider and review the assessment result which the Board of

Directors had no different opinion from the Audit Committee. Moreover, the Board of Directors had strictly enacted the Company's Corporate Governance Policy to comply with the regulations of the Stock Exchange of Thailand, the Capital Market Supervisory Board, and the Securities and Exchange Commission in order to ensure the operations of the Company is transparent and the most effective.

Regarding to the supervision of the subsidiaries of the Company, the Company's directors shall become a director in its subsidiaries and associated companies, and the Company shall assign its representative to become a director in its subsidiaries. In addition, the Company shall assign the Internal Audit Department to examine the adequacy of the internal control system of the Company and its subsidiaries, then report the audit result to the Audit Committee to be able to control and examine the operation efficiently.

# Corporate Social Responsibility (CSR)

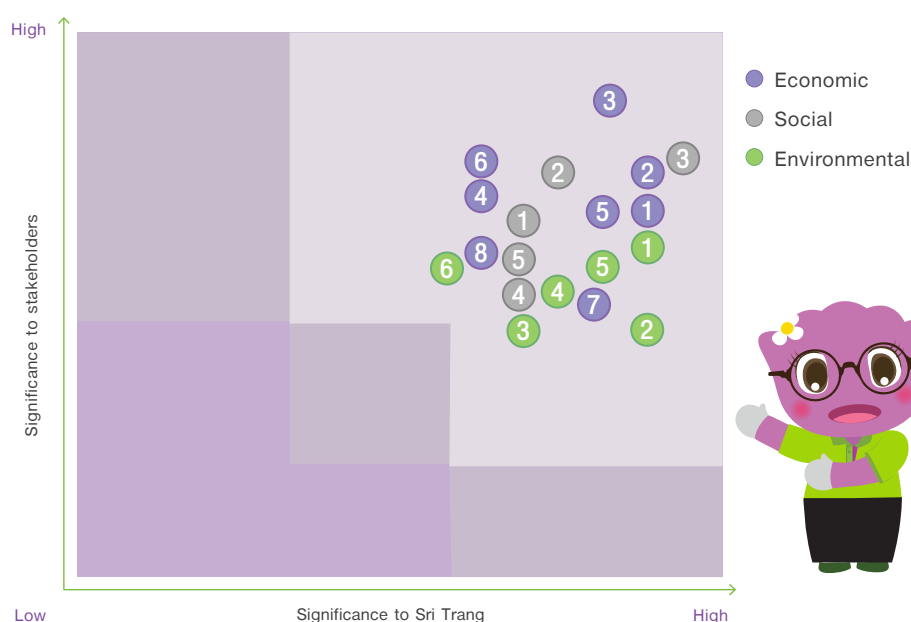
Throughout three decades that Sri Trang Group has been operating, the Company has placed importance to every step of our business growth along with promoting economically, socially and environmentally care through various projects and social activities. The Company has realized and placed importance to produce quality products with the environmentally-friendly production process, together with promoting a fair system for raw material procurement and maintaining a well-accepted and trusted trading standard for farmers, suppliers, and clients. In addition, we have realized all dimensions of an impact which may affect stakeholders, including shareholders, employees, clients, trade partners, communities, and government agencies. Besides, the Company listens to communities and employees in order to improve the organization. We strive to building perception and corporate culture so that our employees as part of Sri Trang family can share social responsibility with the society where they live. More importantly, we always adjust our strategy and develop our business operation towards the changed circumstance to become the sustainable rubber producer in the industry.

In addition, in 2019, the Company has prepared a sustainability report according to eight principles of social responsibility of the Stock Exchange of Thailand and guidelines for reporting according to the GRI Standards. The reporting period from 1 January 2019 - 31 December 2019. The content covers the evaluation of important issues for the sustainability of the Sri Trang Group, stakeholders management guidelines, economic, social and environmental performance. In the year 2019, the Company evaluated the response to the Sustainable Development Goals (SDGs) of 13 goals from the organization's operation as well.

## Materiality Issues

In order to ensure the economic, social and environmental operations of the company achieving the sustainable development goals, measurable and responding to the expectations of stakeholders appropriately. The Company assess and prioritize important issues affecting the Company business by various related department. In order to be able to find guidelines and plan for management appropriately by applying the principles of determining the content of GRI Standard.

Important issues from analysis and ranking passed verified by the working group then presented to the Board of Directors for consideration and approval to publish in the 2019 Sustainability Report. The important issues from the Materiality Matrix are:







## Sri Trang tries on medical gloves

Falling rubber prices inspired the company to add value, writes William Hicks

PUBLISHED: 12 FEB 2018 AT 04:06

NEWSPAPER SECTION: BU  
WRITER: WILIAM



Mr Veerath says Sri Trang has experience with falling rubber prices. Sanchai Poomlert



As a result of these, in 2019, STA attained SET Sustainability Awards (Rising Star), Thailand Sustainability Investment 2019 called 'THSI' or 'Sustainable Stocks' awarded by the Stock Exchange of Thailand for four consecutive years; moreover, STA was selected to be part of the SET THSI index as a sustainable company, in the list of 53 stocks, in the SETTHSI index as a listed company with outstanding performance on Environmental, Social and Governance (ESG) aspects.

## Economic

- Strengthen and develop relationship with traders and business partners in all aspects sustainably;
- Participate in developing a sustainable growth of natural rubber industry with trade partners, government agencies, related private sectors, and rubber farmers;
- Promote a free trade of raw material supply with transparent and trustful information;
- Promote cooperative and community business in order to increase the flow of economy and job creation in the vicinity where our processing facilities are located;
- Strengthen the overall economy by driving sustainable rubber industry





## Social

The sustainable growth of the Company have to participate in development communities and society to grow together in Economic, Social and Environment. including the development of the quality of life of people in the community by proceeding through various activities and projects both initiated and prepared to meet the expectations of the interested parties as follows



### Children and youth aspect

- BBL (Brain – Based Learning) Playground Project since 2014 in a total of 18 schools.
- STA STEM STUDENT, the 3rd year of Sri Trang, Community Learning Center, including 32 school closed to 24 factories.



### Sports aspect

The Company believed that sports encouragement is a way to improve the society. The Company has support such activities by providing budget, sports equipment, and participating in sporting events of community and others agencies.

### Career development and well-being aspect

In addition to job creation by recruiting people in the community to work with our factories, the Company emphasizes on promoting and creating careers for people in the community by considering needs and abilities of the communities to create a better living as follows:

- **Project to enhance good water standard and relationship with communities**

The Company dug wells to collect rain water for production usage. Moreover, in these wells, the Company released fish to be a measure of water quality and open employees and communities to do fishing for cooking and selling.



- **Female Power Project**



To strengthen communities by increase career paths and enhancing income for the community. In 2019, the Company implemented 17 projects, 9 products (weaving basket, long handle coconut broom, herbal shampoo, coin merit, Mangosteen-Turmeric soap, fabric softener and dish detergent, clothe tie dye, broom from plastics bottles). The participants over 500 persons can increase social value more than Baht 300,000 per year.

### • Sufficiency Organic Agriculture Project

To create a career for the community in accordance with the sufficiency economy guidelines, following the King Rama IX, starting from 2018, Sri Trang Gloves (Thailand) PLC. supports the organic farming at Baan Lob Moom community to grow organic vegetables, mushroom cultivation and herbal juice create income in amount of Baht 379,800. In year 2019, the Company expanded the project to raise 6 pigs generate income for the group Baht 27,500 and also share 10% of revenue for use in caring for the elderly in the community.

The Company has established a policy to promote and support the community occupation in which the factory is located by buying products to use in various activities of the Company. In the year 2019, we made a New Year's basket and use products from the community, able to generate income for the community totaling over Baht 100,000.



### Health aspect

The Company considered the health and safety of people in the community and society. Thus, Sri Trang Gloves (Thailand) PLC. has delivered care by supporting medical gloves for community and various agencies for using in to protect every touch of life.

### • Sri Trang Gloves “Sharing love to chronic patients” Project.

In collaboration with the Social Work Unit, Songkhla Hospital and local Health Promotion Hospital donated gloves and necessities from staff donations to patients for treatment at home amount 15 persons and the Company representatives joined with social worker and Village Health Volunteer to monitor patient symptoms every six months. With the expectation that patients will get better symptoms. According to the 2<sup>nd</sup> visitation in November 2019, a patient has recovered and is able to eat and walk on their own.

### Helping disaster victims and disadvantaged

The company provides assistance to disaster victims or disadvantaged people in society. Both domestically and internationally by the participation of employees, subsidized funds, survival bags, drinking water and medical gloves, through an organization directly and through customers and the Company's partners. In 2019, the Company has helped flood victims at Ubon Ratchathani between September - October by supporting punts, drinking water and survival bags totaling Baht 25,000.





## Culture and local traditions aspect

The Company has provided support to local culture and traditions in every community where the Company's operation in order to preserve the local culture and traditions.



## Environment

According to the social responsibility policy, "Environmental Friendly," which not only implements environmental management system within the Company, but the Company also gives importance to conservation and take care of the environment in communities and society through environmental programs and activities with various agencies as follows:

### • To release aquatic animals to nature

The Company realizes the importance of the ecosystem and biodiversity of value chain. Therefore, STA has helped restore ecosystem, food chains, and maintain natural abundance.



### • Expand the green area

The Company pays attention to increasing green areas to help absorb carbon dioxide. Which is one of the causes of global warming. Therefore planting trees both internal and external by collaborating with local agencies every year.





### • Srirang's volunteer

To strengthen unity and raise awareness of public mind for employees to improve the environment of both the nearby and faraway communities, such as villages, temples and schools to create a good environment including demonstrating the sincerity in sustainable operation with the community such as volunteer activities, dredging ditches, build weir and cleaning the road.



### • “Bun-Took-Yang Tid-Rang Srang-Roi-Yim” project

To encourage suppliers, rubber farmers, and truck owners to deliver rubber to the Company's factories with good practice. This helps prevent the serum from the cup lump leaking onto roads during driving to the Company's factories. In 2019, 17 STR factories showed the success rate of the vehicles passing this standard at 98.7%.



### • Good soil project: Sludge processing to organic fertilizer for the communities

In 2019, there are two branches operating, which are Narathiwat Branch and Pattani Branch, by participating in the mobile province project to distribute organic fertilizer from the processing of sludge of the factory to a community of 390 bags and give 10 tons of sludge to the Pattani Provincial Agricultural Extension Office.



The social responsibility operation is provided more details in the 2019 Sustainability Report, which has been disclosed on the Company's website [www.sriranggroup.com](http://www.sriranggroup.com) under the topic of sustainability.





# Capital Structure

## Information on Share Capital and Shareholding of STA as of 3 February 2020

### Share Capital

Authorised Share Capital	:	Baht 1,535,999,998
Issued and fully paid-up Share Capital	:	Baht 1,535,999,998 (representing 1,535,999,998 ordinary shares with a par value of Baht 1 each)
Class of Shares	:	Ordinary shares with a par value of Baht 1 each
Voting Rights	:	One vote per share

### Distribution of Shareholdings as of 3 February 2020

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 999	1,859	16.88	559,298	0.04
1,000 – 10,000	5,774	52.42	24,174,212	1.57
10,001 – 1,000,000	3,269	29.68	222,110,292	14.46
1,000,001 – 10,000,000	91	0.83	311,740,965	20.30
10,000,001 – less than 5% of paid-up share capital	18	0.16	398,744,183	25.96
More than 5% of paid-up share capital	3	0.03	578,671,048	37.67
<b>Total</b>	<b>11,014</b>	<b>100.00</b>	<b>1,535,999,998</b>	<b>100.00</b>

Note: Includes shareholders holding through CDP

### Free Float

Based on information available to the Company, approximately 55.05% of the Company's shares are held in the hands of the public as of 3 February 2020.

Top ten largest shareholders of STA according to the book closure date as of 3 February 2020<sup>1</sup>, are as follows:

No.	Name	No. of Shares	%
1	STH	343,790,629	22.38
2	Sincharoenkul family <sup>2</sup>	287,943,083	18.75
3	Thai NVDR Co., Ltd	101,892,910	6.63
4	Mrs. Promsuk Sinchareonkul	45,000,000	2.93
5	CITIBANK NOMS SPORE PTE LTD	40,454,821	2.63
6	Thai R.T.N. Holding Co., Ltd.	37,800,000	2.46
7	CITIGROUP GLOBAL MARKETS LIMITED-PB CLIENT-NRBS COLLATERAL	26,378,735	1.72
8	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	24,881,379	1.62
9	UOB KAY HIAN PRIVATE LIMITED	22,636,229	1.47
10	BANK JULIUS BAER & CO. LTD, SINGAPORE	18,560,825	1.21
<b>Total</b>		<b>949,338,611</b>	<b>61.81</b>

Note : 1) Information obtained from TSD and CDP

2) Details of shareholding of Sincharoenkul family who performs as Director and Management of STA including related persons of those group

No.	Name	No. of Shares	%
1	Mr. Viyavood Sincharoenkul	132,987,509	8.66
2	Ms. Lee Joyce Shing Yu	33,174,890	2.16
3	Mr. Veerasith Sinchareonkul	27,656,747	1.80
4	Mr. Vitanath Sincharoenkul	27,401,500	1.78
5	Mr. Vitchaphol Sincharoenkul	25,555,000	1.66
6	Mr. Kitichai Sincharoenkul	13,142,340	0.86
7	Mr. Paul Sumade Lee	10,814,399	0.70
8	Mrs. Susan Sun	7,372,940	0.48
9	Ms. Vannisa Sincharoenkul	5,798,694	0.38
10	Mrs. Vanida Sincharoenkul	3,941,744	0.26
11	Ms. Punchita Rojjanaphatranan	97,320	0.01
<b>Total</b>		<b>287,943,083</b>	<b>18.75</b>

3) There is no acting in concert person and no person who is specified under section 258 of the SEC Act.

STA has no shareholding agreement between major shareholders affected issuing and offering securities or management of STA.

## Interest of Directors and Executives

The directors and executives of STA who are in office as at 31 January 2020 had the following interests in the ordinary STA shares as of 31 December 2019 as follows;

Name	Position	Number of Shares on 1 January 2019	Number of Shares on 31 December 2019	Increase (decrease) during Year of 2019	Percentage of Shares on 31 December 2019
Mr. Viyavood Sincharoenkul Spouse and minor child	Chairman and Managing Director	164,712,009 -	132,987,509 -	(31,724,500) -	8.658% -
Ms. Anusra Chittmittrapap Spouse and minor child	Vice-Chairman/ Independent Director/ Audit Committee Member	-	-	-	-
Mr. Chaiyos Sincharoenkul Spouse and minor child	Director	8,997,521 -	8,997,521 -	- -	0.586% -
Mr. Kitichai Sincharoenkul Spouse and minor child	Director and Group Manager of Legal & Administration	14,462,340 3,941,744	13,132,340 3,941,744	(1,330,000) -	0.855% 0.257%
Mr. Paul Sumade Lee Spouse and minor child	Director and Chief Marketing Officer	10,814,399 33,174,890	10,814,399 33,174,890	- -	0.704% 2.160%
Mr. Veerasith Sinchareonkul Spouse and minor child	Director	27,671,747 97,320	27,656,747 97,320	(15,000) -	1.801% 0.006%

Name	Position	Number of Shares on 1 January 2019	Number of Shares on 31 December 2019	Increase (decrease) during Year of 2019	Percentage of Shares on 31 December 2019
Mr. Patrawut Panitkul Spouse and minor child	Director and CFO	-	-	-	-
Mr. Chalernpop Khanjan Spouse and minor child	Director and Chief Operating Officer	-	-	-	-
Mr. Kriang Yanyongdilok Spouse and minor child	Independent Director/ Chairman of the Audit Committee	-	-	-	-
Mr. Samacha Potavorn Spouse and minor child	Independent Director/ Audit Committee Member	-	-	-	-
Gen Thanasorn Pongarna Spouse and minor child	Independent Director	-	-	-	-
Mr. Chaidet Pruksanusak Spouse and minor child	Group Manager of Quality Assurance	-	-	-	-
Mr. Rattapong Laparojkit Spouse and minor child	Group Manager of Technical	72,600 -	72,600 -	- -	0.005% -
Mr. Phanlert Wangsuphadilok Spouse and minor child	Group Manager of Technical	-	-	-	-
Mr. Udom Pruksanusak Spouse and minor child	CEO - Plantation	12,000 -	12,000 -	- -	0.001% -
Ms. Nuchanart Chaiyarat Spouse and minor child	Group Manager of Human Resource	-	-	-	-
<b>Total</b>		<b>263,956,570</b>	<b>230,887,070</b>	<b>(33,069,500)</b>	<b>15.032%</b>

The Company's Board of Directors has specified the reporting policy in regard of the interest of directors and executives in order to monitor the interest of directors and executives or their related persons in relation to the business operation of the Company or subsidiaries. The reporting policy is as follows;

- First time report when at an appointment as a director or executive.
- Report at any time when there is any change in interest.
- Report at the end of each year.

The directors and executives shall report their interests to a company secretary. The company secretary, thereafter, shall report such interests to the chairman and the chairman of audit committee within seven days from the date that the company secretary receives a report from the directors or executives. The acquisition of shares of the directors and executives shall be presented to the Company's Board of Directors for their acknowledgement every quarter.



## Debentures

On 31 December 2019, there were 1 series-- 1 tranche (Tranche 2)--STA outstanding debentures, totaling principal of Baht 1,455,000,000. The details of debenture of Sri Trang - Agro Industry Public Company Limited no. 1/2016 are as follows:

Tranche 2	
Offering to	Institutional and High Net Worth Investors
Type of Debentures	Unsubordinated and unsecured debentures without a debenture holders' representative
Principal amount of Debentures	Baht 1,455 million
Interest rate	Fixed interest rate at 3.10% per annum
Interest Payable	Semi-annually
Term	5 years
Maturity Date	18 May 2021
Credit Rating	A- / Stable by Tris Rating Co., Ltd.

On 25 October 2019, Tris Rating Co., Ltd. assigned BBB+ / Negative rating for STA and the issued debentures.



# Dividend Policy



## Dividend Policy of STA

STA has the policy to pay dividends of approximately 30% of net profits as reported in the stand-alone financial statements of each financial year, but not in excess of retained earnings. In determining the amount of each dividend payment, the Board of Directors considers a range of factors, including the financial position, operating results and cash flows of STA; the

ability of the subsidiaries, associates and joint venture entities to make dividend payments to STA; the expected working capital required to support STA's future growth plan as well as the overall economic climate and other external factors that the Board believes could potentially have an impact on the business operations of STA.



## Dividend Policy of the Subsidiaries

Dividend payments by the subsidiaries are approved by the Board of Directors of each subsidiary and must then be approved by the shareholders during the shareholders' meeting. In determining the amount of dividends to be paid, the Board of each subsidiary considers the operating results, financial position and capital requirements of each subsidiary. Payments must also be made in compliance with the Articles of Association and other constitutional documents of each subsidiary.



## Related Party Transactions

The material related party transactions that were disclosed in the notes to the financial statements of STA and the interested person transactions that were not disclosed in the notes to the financial statements of STA for the financial year ended 31 December 2018 and 31 December 2019 are as follows:

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
1. Pruksa Rubber Co., Ltd.	The Executives officer of STA, Mr.Udom Pruksanusak and siblings, hold more than 50% of the shares in Prukksa Rubber Co.,Ltd. Mr.Udom Pruksanusak is the authorized signatory of Prukksa Rubber Co.,Ltd.	1.1 STA • Sales of field latex	1.60	1.27	STA sold field latex to Prukksa Rubber Co., Ltd. because STA did not have in-house logistic service team, and Prukksa Rubber Co., Ltd. purchased the field latex right at STA's rubber plantation. This provided administrative, distribution and labor cost savings to STA. The selling price of field latex was the price set by STA procurement team as a daily basis.	Since STA's total plantation areas ready for tapping was still small, it is an appropriate afford to control STA logistic and administrative costs by selling field latex to Prukksa Rubber Co., Ltd. at the reasonable price set by STA procurement team.
		• The purchase of field latex	44.35	25.36	STA purchased field latex from Prukksa Rubber Co., Ltd. because the rubber plantations of Prukksa Rubber Co., Ltd. were located close to the factory and the purchasing center of STA. Moreover, Prukksa Rubber Co., Ltd. was capable to supply rubber of the quality and quantity as required by STA. The purchasing price of the field latex was at the price that the Group made an announcement to general suppliers in front of its factory.	STA required field latex as a raw material for the production of Concentrated Latex. The purchase price was at the market price determined daily by the procurement.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
2. Mr. Somwang Sincharoenkul		<b>1.2 Nam Hua Rubber “NHR”</b> <ul style="list-style-type: none"> <li>The purchase of field latex</li> </ul>	2.22	4.76	<p>Nam Hua Rubber purchased field latex from Prukso Rubber Co., Ltd. because the rubber plantations of Prukso Rubber Co., Ltd. were located close to the factory and the purchasing center of Nam Hua Rubber. Moreover, Prukso Rubber Co., Ltd. was capable to supply rubber of the quality and quantity as required by Nam Hua Rubber. The purchase price of the field latex was at the price that the Group made an announcement to general suppliers in front of its factory</p>	<p>Nam Hua Rubber required field latex as a raw material for the production of Concentrated Latex. The purchase price was at the market price determined daily by the procurement department of the Group for the purpose of purchasing raw materials from general suppliers.</p>
		<b>1.3 Startex Rubber</b> <ul style="list-style-type: none"> <li>Sales of field latex</li> </ul>	0.51	0.61	<p>Startex Rubber sold field latex to Prukso Rubber Co., Ltd. The selling price was based on market price.</p>	<p>The selling price that Startex Rubber sold field latex to Prukso Rubber Co., Ltd. was based on market price similar to other customers.</p>
	Father of <ul style="list-style-type: none"> <li>Mr. Vivavood Sincharoenkul, Major shareholder, Chairman and Managing Director of STA</li> <li>Mr. Kitichai Sincharoenkul, Director of STA; and</li> <li>Mr. Paul Sumade Lee, Director of STA</li> <li>Grandfather of</li> <li>Mr. Veerasith Sincharoenkul, Director of STA</li> </ul>	Honorary adviser	5.14	5.14	<p>Mr. Somwang Sincharoenkul has engaged as Honorary Adviser for the Company and advised the Company on goal &amp; vision, business plans, investment plans, operational policy, raw material supply strategies, procurement, and engagement strategy with communities, local authorities and government agencies. The remuneration was Baht 428,000 per month or Baht 5,136,000 per year for 2 years period starting from May 2018 to May 2020.</p>	<p>There was no comparable basis available in the market for such invaluable advice Mr. Somwang Sincharoenkul provided for the Company. Nevertheless, the remuneration was considered appropriate considering the extensive experience, expertise and time Mr. Somwang Sincharoenkul has contributed to the Company as the Honorary Adviser.</p>



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
<b>3. The Board of Director of STA and subsidiaries consists of:</b> <ul style="list-style-type: none"> <li>• Mr. Vivavood Sincharoenkul</li> <li>• Mr. Kitichai Sincharoenkul</li> <li>• Mr. Chaiyos Sincharoenkul</li> </ul>	Directors of STA and the subsidiaries	Personal guarantees have been provided on the loans that have been extended to subsidiaries by financial institutions.	267.00	-	Directors of STA and its subsidiaries provided personal guarantees for the loans extended to STA and its subsidiaries by financial institutions as part of loans' requirements.	Such support complied with the requirements set out in the sponsor support agreement and was made for the benefit of STA and its subsidiaries. The directors acting as guarantors did not charge any fee for providing the personal guarantee.
<b>4. Thaikong PCL.</b>	CEO of STA, Dr. Vivavood Sincharoenkul, Major shareholder of Thaikong PCL.	<b>4.1 STA</b> <ul style="list-style-type: none"> <li>• Sales of latex</li> </ul>	170.42	126.01	STA sells of latex to Thaikong PCL. by determining the selling price according to the market price.	Latex price that STA Selling to Thaikong PCL is the selling price based on the market price that is comparable to the price of latex announced by the Rubber Authority of Thailand (RAOT) and Malaysian Rubber Board (MRB).
		<ul style="list-style-type: none"> <li>• Purchases of glove</li> </ul>	170.74	86.78	Because the company has a Purchase Gloves Contract from Thaikong PCL. which is a manufacturer of rubber gloves that can produce quality products and Meets the needs of customers of the company. Including reducing the risk of product procurement and The purchase price is comparable to the market price from other glove manufacturers.	The purchase of gloves has a sales contract. The purchase price is compared to the market price. It also increases the economy of scale of the sales department. Which the company already has sales department. In addition, the Company received appropriate profit from the above transactions.
		<ul style="list-style-type: none"> <li>• Accounts receivable</li> </ul>	16.39	-	Trade accounts receivable from the sales of latex.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.





Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<ul style="list-style-type: none"> <li>Accounts payable</li> </ul>	9.94	-	Trade accounts Payable from the Purchases of Glove.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.
		<b>4.2 Premier System Engineering "PSE"</b> <ul style="list-style-type: none"> <li>Sales of materials</li> </ul>	2.32	0.35	PSE has a keen knowledge and skill in supplying machinery related to glove production which the rate charged by PSE is comparable to the market rate.	It is a reasonable transaction as PSE is professional service providers and comparable rate.
		<ul style="list-style-type: none"> <li>Sales of machinery</li> </ul>	178.00	225.16	PSE has a keen knowledge and skill in design, installation and maintain machinery and equipment for glove production so service of Taikong PCL. To support Taikong PCL., PSE did not increase workers in use of resources but utilize which the rate charged by PSE is comparable to the market rate.	It is a transaction increased revenue to STA group and no burden to increase human resource as well as the rate charged by PSE is comparable to the market rate.
		<ul style="list-style-type: none"> <li>Service income</li> </ul>	5.88	3.58	PSE provides service for machinery cleaning to Taikong PCL. as PSE has professional and expertise in equipment and machinery for the production of gloves which the rate charged by PSE is comparable to the market rate.	It is a transaction increased revenue to STA group and no burden to increase human resource as well as the rate charged by PSE is comparable to the market rate.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
5. Sri Trang Gloves (Thailand) PLC.	CEO of STA, Dr. Viyavood Sincharoenkul, Major shareholder of Sri Trang Gloves (Thailand) PLC.	<ul style="list-style-type: none"> <li>Accounts receivable</li> </ul>	8.52	-	Trade accounts receivable from such services mentioned above.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.
		<ul style="list-style-type: none"> <li>Advance payment for goods</li> </ul>	79.85	-	As payment as specified in the contract	It is a transaction under the normal commercial condition.
		<b>5.1 STA</b> <ul style="list-style-type: none"> <li>Sales of latex</li> </ul>	1,309.89	1,783.55	STA sells of latex to Sri Trang Gloves (Thailand) PLC. with a reference price based on the market price.	Latex prices sold to Sri Trang Gloves (Thailand) PLC. is referred to the market price compared to the rubber of Thailand. (RAOT) and Malaysian Rubber Board (MRB).
		<ul style="list-style-type: none"> <li>Purchases of glove</li> </ul>	1,258.94	1,175.05	As STA has a contract to purchase gloves from Sri Trang Gloves (Thailand) PLC., a rubber glove manufacturer that can produce quality products to meet the needs of STA's customers, help reduce the risk of sourcing products; moreover, the purchasing prices are comparable to the market price buying from others.	This transaction is made under trading contract and the selling price is comparable to the market price. Moreover, this help STA's marketing department to achieve economies of scale by utilizing its resources and STA also gains the appropriate profit from such transaction.



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<ul style="list-style-type: none"> <li>Revenue from office services</li> </ul>	7.54	11.27	STA provides office services to Sri Trang Gloves (Thailand) PLC. including room server services, office space, legal services, insurance services, and financial services. For office space in Bangkok and Hay Yai, the rental rates are separately calculated per month which are agreed since May 2017 and shall be reviewed every three year.	The mentioned rates are reasonable and comparable to the market price.
		<ul style="list-style-type: none"> <li>Revenue from information services and maintenance of SAP systems</li> </ul>	18.45	16.65	STA provides IT system and SAP maintenance to Sri Trang Gloves (Thailand) PLC., including computer rental, hardware service fee, software service fee etc. This is due to STA holds full equipment and human resource to support such services. The service fee charged by STA is referred to service type which is comparable to other service providers. For example, the rental rates per month for computer, notebook, hardware service are comparable to other providers at the same specification.	The mentioned rates are reasonable and comparable to the market price of similar or comparable services.
		<ul style="list-style-type: none"> <li>Revenue from sales of factory materials</li> </ul>	6.16	10.76	STA, Kanchanadit Branch, sells ammonia to Sri Trang Gloves (Thailand) PLC., Surat Thani Branch, in cost plus margin price as STA, Kanchanadit Branch, orders ammonia for the production of latex in large quantities to achieve economy of scale, increase the bargaining power, and reduce cost of ammonia as one of the chemicals used to manufacture of rubber gloves and inventory management of the group.	This transaction is help reduce cost of ammonia and inventory management of the group as those two factories are located closely in a similar area and the chemical price is charged at a reasonable price.



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<ul style="list-style-type: none"> <li>Income from weighing services</li> </ul>	0.36	0.84	<p>STA, Kanchanadit Branch, provides weighing services to Sri Trang Gloves (Thailand) PLC., Surat Thani Branch, as Sri Trang Gloves (Thailand) PLC., Surat Thani Branch has no weighing equipment to weigh trucks transported in and out of the factory i.g. raw material, latex, wood, firewood, and finished goods. This service is charged as a monthly lump-sum at a reasonable rate.</p>	<p>As weighing services are the lump-sum rate which have no market rate to compare. However, the rate that STA receives is a comprehensive rate and reflects relevant costs with appropriate profit margin.</p>
		<ul style="list-style-type: none"> <li>Other service income Any (rubber tank rental fee, Private Link service fee)</li> </ul>	11.30	18.01	<p>STA, Kanchanadit Branch, provides the rental fee for 100 tons of latex storage tank to Sri Trang Gloves (Thailand) PLC., Surat Thani Branch, is used to store synthetic latex in the production of synthetic rubber gloves. The valve is charged per tank per month, where the rate of the tank is covered, and the applicable services include the loading of latex and pick up including cleaning of the tank, as a rate comparable to the market price of the tank in the vicinity or the same size and the Private Link service use via CAT Telecom Public Company Limited.</p>	<p>The service fee is comparable to the market price.</p>





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			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<ul style="list-style-type: none"> <li>Rental fee</li> </ul>	3.66	3.99	STA has entered into a contract with Sri Trang Gloves (Thailand) PLC. in providing warehouse building rental, 2,772 sq.m. at 209/2 Moo 2 Amphur Muang, Samutprakarn, Thailand for the use as a storage area of rubber gloves in distribution to domestic buyers with a lease period 1 year from February 1, 2019 to January 31, 2020 at the rental rate of Baht 120 per sq.m., with the total rental fee of Baht 332,640. The ratio is equal to the limited partnership "Denchai Paknam" which is the prior lessee of STA before Sri Trang Gloves (Thailand) PLC. has purchased land and construction from a limited partnership "Denchai Paknam" as of 31 January 2018.	The rental fee is comparable to the market rate and is equal to the rate charge by external party before Sri Trang Gloves (Thailand) PLC. buying this warehouse.
		<ul style="list-style-type: none"> <li>Accounts Receivable</li> </ul>	-	175.77	Trade accounts receivable from such rental mentioned above.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.
		<ul style="list-style-type: none"> <li>Accounts Payable</li> </ul>	-	106.35	As payment as specified in the contract	It is a transaction under the normal commercial condition.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<b>5.2 Rubberland Product "RBL"</b> <ul style="list-style-type: none"> <li>Sales of latex</li> </ul>	567.74	420.97	<p>RBL, a subsidiary of STA, sells quality latex to meet the needs and able to deliver both the amount and quality of latex as qualified to Sri Trang Gloves (Thailand) PLC. Moreover, those factories are located closely which benefits from logistic costs. The latex price is the agreed price between the buyer and the seller on a monthly basis which is comparable to the market price of latex that the rubber glove manufacturers buy at that time.</p>	<p>The price of latex that RBL sells to Sri Trang Gloves (Thailand) PLC. is referred to MRB (Malaysian rubber board) and comparable to other rubber glove manufacturers buying latex as raw materials for latex glove production. In addition, the selling prices reflect delivery conditions and the advantage of factory locations between seller and buyer as well as the latex properties required by Sri Trang Gloves (Thailand) PLC. appropriately.</p>
		<ul style="list-style-type: none"> <li>Rental income</li> </ul>	4.64	4.64	<p>RBL provides a residential building for Sri Trang Gloves (Thailand) PLC. used for staff accommodation as RBL and for Sri Trang Gloves (Thailand) PLC.'s factories are in the adjacent area. RBL shall charge the rental rate per month for all 645 rooms from Sri Trang Gloves (Thailand) PLC. and RBL shall also charge rental fee directly from Sri Trang Gloves (Thailand) PLC.'s staff which, in sum, the rate charged from those two parties shall be comparable to the rental rate in the nearby area.</p>	<p>The rental rate is comparable to the monthly market prices in nearby areas.</p>



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<ul style="list-style-type: none"> <li>Service income from using of space for placing products / or others</li> </ul>	1.08	1.08	RBL provides rental area to Sri Trang Gloves (Thailand) PLC. for storage of woodchip as the energy for glove production with total rental area 5.42 rai, Deed No. 250477. The rental fee is charged annually comparable to the nearby area in Tambon Banpru, Amphur Hatyai, Songkhla.	The rental rate is comparable to the market prices in nearby areas.
		<ul style="list-style-type: none"> <li>Weighing services</li> </ul>	0.86	0.86	RBL provides weighing services to Sri Trang Gloves (Thailand) PLC. as Sri Trang Gloves (Thailand) PLC. has no weighing equipment to weigh trucks transported in and out of the factory i.g. raw material, latex, wood, firewood, and finished goods. This service is charged as a monthly lump-sum at a reasonable rate.	As weighing services are the lump-sum rate which have no market rate to compare. However, the rate that RBL receives is a comprehensive rate and reflects relevant costs with appropriate profit margin.
		<ul style="list-style-type: none"> <li>Electricity expense</li> </ul>	1.78	0.02	RBL charges electricity expenses in the portion of Sri Trang Gloves (Thailand) PLC.'s staff accommodation. The electricity rate is comparable to the regional electricity collected directly from Sri Trang Gloves (Thailand) PLC. in May, 2018. Moreover, RBL requested to transfer the transformers to Sri Trang Gloves (Thailand) PLC., which was completed in April 2019.	The electricity expense is charged at a reasonable rate.



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<ul style="list-style-type: none"> <li>Tank rental income</li> </ul>	18.87	22.22	RBL provides rental of rubber tank size 100 tons and 250 tons to Sri Trang Gloves (Thailand) PLC., for the storage of synthetic rubber as for nitrile glove production. This service including loading, receiving and distributing latex and tank cleaning is charged monthly by comparing to the market price of such tank sizes.	The service fee is comparable to the market price.
		<ul style="list-style-type: none"> <li>Expenses for buying factory material</li> </ul>	0.29	0.23	RBL purchases gasoline and diesel from Sri Trang Gloves (Thailand) PLC. to save the group's procurement costs and to manage STA's raw materials effectively. RBL buys gasoline and diesel at the actual cost of Sri Trang Gloves (Thailand) PLC., the price of the charged fuel is the maximum purchase price +2%.	It is a reasonable transaction as it helps save costs for all STA group.
		<ul style="list-style-type: none"> <li>Accounts Receivable</li> </ul>	14.49	42.96	Trade accounts receivable as mentioned above.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.
		<b>5.3 Nam Hua Rubber "NHR"</b> <ul style="list-style-type: none"> <li>Sales of latex</li> </ul>	15.01	107.90	NHR, a subsidiary of STA, sells quality latex to meet the needs and able to deliver both the amount and quality of latex as qualified to Sri Trang Gloves (Thailand) PLC. Moreover, those factories are located closely which benefits from logistic costs. The latex price is the agreed price between the buyer and the seller on a monthly basis which is comparable to the market price of latex that the rubber glove manufacturers buy at that time.	The price of latex that NHR sells to Sri Trang Gloves (Thailand) PLC. is referred to MRB (Malaysian rubber board) and comparable to other rubber glove manufacturers buying latex as raw materials for latex glove production. In addition, the selling prices reflect delivery conditions and the advantage of factory locations between seller and buyer as well as the latex properties required by Sri Trang Gloves (Thailand) PLC. appropriately.





Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<ul style="list-style-type: none"> <li>Other incomes</li> </ul>	-	0.35	NHR's daily workers work for Sri Trang Gloves (Thailand) PLC. as Sri Trang Gloves (Thailand) PLC. was unable to source promptly workers to serve the capacity expansion demand. The rate is charged at the same rate that RBL paid to daily workers.	The transaction reflects the actual labor cost.
		<ul style="list-style-type: none"> <li>Accounts Receivable</li> </ul>	-	0.01	Trade accounts receivable as mentioned above.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.
		<b>5.4 Premier System Engineering "PSE"</b> <ul style="list-style-type: none"> <li>Sales of Material</li> </ul>	-	154.15	PSE has a keen knowledge in procuring equipment related to glove production for STA Group which the rate charged by PSE is comparable to the market rate.	It is a reasonable transaction as PSE is professional service providers and the rate is comparable.
		<ul style="list-style-type: none"> <li>Other sales income (production and installation of machinery)</li> </ul>	842.57	1,731.85	PSE has a keen knowledge and skill in design, installation and maintain machinery and equipment for glove production so service of Sri Trang Gloves (Thailand) PLC. To support Sri Trang Gloves (Thailand) PLC., PSE did not increase workers in use of resources but utilize which the rate charged by PSE is comparable to the market rate.	It is a transaction increased revenue to STA group and no burden to increase human resource as well as the rate charged by PSE is comparable to the market rate.



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<ul style="list-style-type: none"> <li>Service income and others</li> </ul>	278.52	21.78	<p>PSE provides maintenance service to Sri Trang Gloves (Thailand) PLC. PSE has a keen knowledge and skill in design, installation and maintain machinery and equipment for glove production to Sri Trang Gloves (Thailand) PLC. for many years. Additionally, machine maintenance is the way to access to production technology which is the confidential issue that Sri Trang Gloves (Thailand) PLC. does not allow external parties to penetrate into. Moreover, this service provided by PSE makes Sri Trang Gloves (Thailand) PLC. save cost from hiring skilled workers to support and the rate charged by PSE is comparable to the market rate.</p>	It is a reasonable transaction as PSE is professional service providers and the rate is comparable.
		<ul style="list-style-type: none"> <li>Cleaning service income</li> </ul>	57.97	81.07	<p>PSE provides service for machinery cleaning to Sri Trang Gloves (Thailand) PLC. as PSE has professional and expertise in equipment and machinery for the production of gloves which the rate charged by PSE is comparable to the market rate.</p>	It is a transaction increased revenue to STA group and no burden to increase human resource as well as the rate charged by PSE is comparable to the market rate.
		<ul style="list-style-type: none"> <li>Revenue calibration service equipment</li> </ul>	4.93	4.67	<p>PSE provides calibration equipment to Sri Trang Gloves (Thailand) PLC. as PSE certified ISO IEC17025 in the calibration standards and PSE also has equipment, human resource to support such a service including case of emergency. The rate charged by PSE is comparable to the market rate.</p>	The transaction is a group of companies without adding any human resources. Rates are comparable to those of the same type of business in the market.



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<ul style="list-style-type: none"> <li>Expenses on purchase of factory materials</li> </ul>	4.41	4.53	PSE purchases chemical and cleaning equipment from Sri Trang Gloves (Thailand) PLC. for cleaning equipment of Sri Trang Gloves (Thailand) PLC. as Sri Trang Gloves (Thailand) PLC. orders chemical and equipment regularly in large quantities to achieve economy of scale, increase the bargaining power, and inventory management of the group. Sri Trang Gloves (Thailand) PLC., therefore, sells chemical and equipment to PSE at the average cost.	It is a reasonable transaction as it helps reduce cost for all group.
		<ul style="list-style-type: none"> <li>Accounts receivable</li> </ul>	145.39	118.54	Trade accounts receivable from such service mentioned above.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.
		<b>5.5 Anvar Parawood "ANV"</b> <ul style="list-style-type: none"> <li>Revenue from sale of woodchip</li> </ul>	710.32	836.71	ANV, a subsidiary of STA, sells woodchip to Sri Trang Gloves (Thailand) PLC. as ANV has an expertise in supplying and selling rubber wood for over 30 years; moreover, ANV also has qualified persons to serve this service and is able to serve the high demand of Sri Trang Gloves (Thailand) PLC. as an energy to produce gloves. The rate charged by ANV is cost-plus method.	The price of the woodchip is a market price including operation cost. Sri Trang Gloves (Thailand) PLC. requires a high quantity of woodchip; therefore, comparing to market price may be difficult to determine due to quantity and logistic costs from various sources. However, the price that can be comparable to the other woodchip's suppliers.
		<ul style="list-style-type: none"> <li>Sales Pallet Revenue</li> </ul>	-	0.37	ANV sells a pallet to Sri Trang Gloves (Thailand) PLC. as ANV's business is selling of rubber wood and pallets, as well as human resources are available for such services. The rate charged by ANV is cost-plus method.	The price of pallets is comparable to market price from other pallets suppliers.



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<ul style="list-style-type: none"> <li>Accounts Receivable</li> </ul>	117.70	10.93	Trade accounts receivable from such sale mentioned above.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.
		<b>5.6 Starlight Express Transport "STL"</b> <ul style="list-style-type: none"> <li>Revenue from Transportation Service</li> </ul>	52.70	61.87	STL provides transportation to Sri Trang Gloves (Thailand) PLC. as STL operates shipping and exporting, import and export documents business, which has equipment and human resources are available for such services and experience in such business. The rate charged by ANV is based on market prices and oil price in each period.	STL has an expertise in handling, transport and processing of documents related to transport. The rates are quoted at a reasonable rate that reflects its operational cost, and is comparable to the provider's market price in the same manner.
		<ul style="list-style-type: none"> <li>Income from import formalities-export</li> </ul>	5.71	7.08	STL provides import and export documents to Sri Trang Gloves (Thailand) PLC. as STL provides import and export documents and experiences in such a business for over 20 years; moreover, STL also has qualified persons to serve this service. The rate for document preparation is charged per copy comparable to the market prices for the same type of service.	STL has an expertise in handling, transport and processing of documents related to transport. The rates are quoted at a reasonable rate that reflects its operational cost, and is comparable to the provider's market price in the same manner.





Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<ul style="list-style-type: none"> <li>Other service income</li> </ul>	19.65	21.92	STL provides transportation service and manage logistic operation to Sri Trang Gloves (Thailand) PLC. as STL is a specialist and qualified persons to serve this service by charging the trailer services in excess of free time per day which is comparable to market prices and the rate is reasonable.	STL has an expertise in handling, transport and processing of documents related to transport. The rates are quoted at a reasonable rate that reflects its operational cost, and is comparable to the provider's market price in the same manner.
		<ul style="list-style-type: none"> <li>Accounts Receivable</li> </ul>	8.31	9.83	Trade accounts receivable from such service mentioned above.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.
		<b>5.7 Sri Trang International "STI"</b> <ul style="list-style-type: none"> <li>Purchases of gloves</li> </ul>	1,916.14	236.03	STI buys gloves from Sri Trang Gloves (Thailand) PLC. and sell to international customers by pricing gloves at the cost plus margin which the price movement is considered monthly based on latex, operation cost, fx rate, the global rubber glove situation. The selling price is considered based on the profitability that STI should receive as a glove distributor.	It is a reasonable transaction as the price is comparing to the market prices provided by other glove manufacturers.
		<ul style="list-style-type: none"> <li>Accounts Receivable</li> </ul>	70.63	-	Trade accounts receivable from such sale mentioned above.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<b>5.8 Sri Trang Indochina "STV"</b> <ul style="list-style-type: none"> <li>• Purchases of Glove</li> </ul>	-	8.27	STV buys gloves from Sri Trang Gloves (Thailand) PLC. and sell to international customers by pricing gloves at the cost plus margin which the price movement is considered monthly based on latex, operation cost, fx rate, the global rubber glove situation. The selling price is considered based on the profitability that STV should receive as a glove distributor.	It is a reasonable transaction as the price is comparing to the market prices provided by other glove manufacturers.
		<ul style="list-style-type: none"> <li>• Accounts Payable</li> </ul>	-	0.12	Trade accounts receivable from such sale mentioned above.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.
		<b>5.9 Sri Trang USA "STU"</b> <ul style="list-style-type: none"> <li>• Purchases of Glove</li> </ul>	129.39	237.86	STU buys gloves from Sri Trang Gloves (Thailand) PLC. and sell to international customers by pricing gloves at the cost plus margin which the price movement is considered monthly based on latex, operation cost, fx rate, the global rubber glove situation. The selling price is considered based on the profitability that STU should receive as a glove distributor.	It is a reasonable transaction as the price is comparing to the market prices provided by other glove manufacturers.
		<ul style="list-style-type: none"> <li>• Accounts Payable</li> </ul>	49.52	-	Trade accounts receivable from such sale mentioned above.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.



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			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
		<b>5.10 Shi Dong Shanghai Medical Equipment "SDME"</b> <ul style="list-style-type: none"> <li>• Purchases of Glove</li> </ul>	6.55	410.96	SDME buys gloves from Sri Trang Gloves (Thailand) PLC. and sell to international customers by pricing gloves at the cost plus margin which the price movement is considered monthly based on latex, operation cost, fx rate, the global rubber glove situation. The selling price is considered based on the profitability that SDME should receive as a glove distributor.	It is a reasonable transaction as the price is comparing to the market prices provided by other glove manufacturers.
		<b>5.11 Sri Trang IBC "IBC"</b> <ul style="list-style-type: none"> <li>• IT Service</li> </ul>	-	7.24	IBC provide services on IT systems as the IBC has equipment and human resources that are ready for such services, and the service charge is based on the type of information lashing in connection with the market price.	The service fee is comparable to the market price.
		<ul style="list-style-type: none"> <li>• Accounts Receivable</li> </ul>	-	1.86	Trade accounts receivable from such service mentioned above.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2018	Consolidated Jan-Dec 2019		
6. Qingdao Anyin International Trade Co., Ltd.	Director of STA, Mr. Li Shiqiang, his wife is the owner of Qingdao Anyin International Trade Co., Ltd.	6.1 STA • Revenue from sale of rubber bars	-	24.22	STA sells block rubber to Qingdao Anyin International Trade Co., Ltd. which the selling prices are closed to the prices selling to other customers and comparable to the market price.	The price of this transaction is closed to the prices selling to other customers and comparable to the market price.
		• Accounts Receivable	-	7.92	Trade accounts receivable from such sale mentioned above.	It is an outstanding balance based on payment criteria as commercial conditions which is a normal accounts receivable.

Apart from what were disclosed in “Related Party Transactions”, there were no other material contracts entered into by the Company or any of its subsidiaries involving the interests of any director or controlling shareholder which are either still subsisting at the end of the financial year or entered into since the end of the previous financial year.





## Audit Committee's Opinion on Related Party Transactions

The Audit Committee of STA evaluated and expressed its opinion on the above related party transactions that such transactions were carried out reasonably and were necessary to the business operation of STA.

## Measures or Procedures for Approving the Related Party Transactions

In the event that STA or its subsidiaries carries out its business with a party who may have a conflict of interest, whether at present or in the future, or have an interest with STA, the Audit Committee will express its opinion regarding the necessity and the reasonableness of the price of such transaction. The Audit Committee will ensure that the terms and conditions of these transactions are consistent with market practice and the prices charged for these transactions compared with third party or market prices. If the Audit Committee is unable to evaluate related party transactions due to lack of expertise in certain areas, STA will arrange an independent expert or the auditor of STA to give an opinion on such transactions. The Board of Directors or Audit Committee or the STA shareholders, as the case may be, will use this opinion from the independent expert as a supplement to form their own conclusion. Those directors who may have an interest in the transaction are prohibited from voting on such transactions. In addition, related party transactions will be disclosed in the notes to the STA's audited or reviewed financial statements.

At present, STA has a pricing policy for its subsidiaries, associates, joint venture entities and related companies as follows:

Pricing Policy	
Sales of products and raw materials	At arm's length as if it was transacted with a third party
Revenues from services – logistic services	At arm's length as if it was transacted with a third party
Revenues from services – management services	At fixed rate pursuant to the contract which is comparable to the market price
Interest income from trade credit	At arm's length as if it was transacted with a third party
Rental income	At a contract price which had been agreed upon and is comparable to the market price
Product purchase	At arm's length as if it was transacted with a third party
Rental and Service Expenses	At arm's length as if it was transacted with a third party
Guarantee	No fee charged
Fixed assets acquisition	At arm's length as if it was transacted with a third party

Furthermore, the Board of Directors Meeting resolved to approve in principle business transactions with general trading conditions or supporting normal business transactions with general trading conditions between STA or its subsidiaries and the Directors, Executive Officers or any related parties.

STA and its subsidiaries may purchase raw materials, sell products, provide transportation services or enter into any other transactions between the Directors, Executive Officers or related parties, whether at present or in the future. In this regard, STA authorizes the management to approve such transactions if the purchase price, selling

price, transportation fees or other related transactions is not different from the price offered to other customers (market price) and the conditions and commercial terms are the same as those an ordinary person would agree with any party under similar circumstances. The transportation fee shall be the same as the rate of transportation used by the general public. In respect of the transportation fee, the fee will be according to the normal market rate. In addition, STA shall prepare a report on the summary of the transactions every quarter to present to the Board of Directors Meeting or upon the request of the Board of Directors.

## **Policy on Future Related Party Transactions**

In the event that STA engages in related party transactions in the future, STA will ensure that such transactions are carried out in compliance with the SEC Act, regulations, notifications, orders or rules of the SET. In addition, STA must also comply with the Thai GAAP on disclosure rules related to related party transactions and other requirements as specified by the Institute of Certified Accountants of Thailand and the Company's policy or other relevant laws.

In addition, when STA enters into related party transactions, STA will seek the Audit Committee's opinion on the reasonableness of such transactions. In the event that the Audit Committee is unable to evaluate related party transactions due to lack of expertise in certain areas, the Committee may for arrange an independent expert, such as auditor or independent appraiser, to give opinion on the transactions. The opinion of the Audit Committee or the independent expert will be used by STA's Board of Directors or shareholders, as the case may be, for making a decision to ensure that these related party transactions are carried out without any conflict of interest and for the best interest of all shareholders.

# Risk Factors

*With various economic and industry factors contributing to the challenges of managing the Company's operations, the Board of Directors recognizes that risk management plays a key role in the success and long-term growth of our business operations. In order to comply with the Good Corporate Governance for Listed Companies (CG Code) 2017, the Risk Management Committee has been assigned the task of systematic risk management according to COSO: ERM (Enterprise Risk Management), together with the relevant standards. Focusing on the four major types of risk, namely, strategic risk, operational risk, financial risk and compliance risk, the Company conducts the operations with care and diligence to ensure that our vision, mission, objectives and goals are not misdirected. The details of the Company's risk management are shown as follows:*



## Strategic Risk

### Natural Rubber Price Volatility

In general, prices of commodities, including natural rubber, are subject volatility and we, like other participants in the natural rubber industry, have limited influence over the harvest timing and the fluctuations in prices of natural rubber. The prices of natural rubber and the Natural Rubber Products that we sell, like prices of most commodities, are affected by a number of factors, including but not limited to the following:

- **Natural rubber supply and demand** – An increase in the supply of natural rubber or a decrease in the global consumption of natural rubber could create a supply surplus, which could result in a decrease in prices of natural rubber and, in turn, the average selling prices of the Natural Rubber Products that we sell. Additionally, global demand for such products, in particular TSR, is significantly

dependent upon the tire manufacturing industry, which accounts around 70% of global natural rubber consumption. A slowdown in the tire manufacturing industry may lead to decreased demand for the Natural Rubber Products that we sell and our business, financial condition and operating results may be adversely affected;

- **Prices of crude oil, energy and oil-based chemicals** – Crude oil prices may affect the prices of natural rubber and other input materials such as oil-based chemicals used in rubber processing. In addition, prices of synthetic rubber usually move in the same direction as crude oil prices, and fluctuations in the prices of synthetic rubber usually have an impact on natural rubber prices and demand. Nowadays, there are varieties of synthetic rubber available in the market that can be used as substitutes for natural rubber in the manufacture of some rubber-based finished products. Factors such as increased global demand for rubber, volatility in natural rubber prices, an increase in natural rubber prices when compared to prices of synthetic rubber, risks of supply disruption caused by political events, regional constraints and seasonal supply patterns may lead to an increase in demand for such synthetic rubber substitutes. This may result in decreased demand for natural rubber, which may have a material adverse effect on our business, financial condition and operating results. As of December 31, 2019, revenue from Natural Rubber Products accounted for 80% of our total revenue;
- **Currency fluctuations** – As natural rubber is traded mainly in US Dollars, any fluctuations in the natural rubber exporting currencies against US Dollars may result in corresponding fluctuations in natural rubber prices in the respective exporting countries; and
- **Speculation** – As natural rubber and some of the Natural Rubber Products that we sell are traded on various commodity futures exchanges, they are susceptible to price speculation in addition to local and global economic factors.

## **Risk Management**

The Company has policies to manage risks related to natural rubber price volatility, including raw material sourcing management in terms of prices and quantities and the use of rubber futures and physical forward contracts when applicable. Such contracts are recorded at their fair value on the date of the statement of financial position. (Please find more details in Note to the Consolidated and Separate Financial Statements under item 38.)

## **Discrepancy between the growth in demand for natural rubber and expectations**

Because natural rubber and gloves are consumed by a wide variety of consumers in countries all over the world, market demand for both is subject such factors as changes in consumer preference, the existence of replacement products, and changes in laws and regulations, for example, the ban on the use of powdered medical gloves by the US Food and Drug Administration (FDA). Demand can also be affected by new technological inventions, for instance, the experiment by tire manufacturers to use guayule in place of natural rubber in tire manufacturing during a period of high natural rubber prices. These factors can lead to changes in market demand for both natural rubber and gloves, and our business opportunity, revenue and financial results can be affected as a result.

## **Risk Management**

The Company closely monitors any changes to may affect market demand for natural rubber and gloves and attempts to minimize their effect on the Company's operations. The natural rubber products that we sell, namely, TSR, RSS and LTX, have a wide variety of applications and diversified customer base. Our vertically integrated business model also allows us to guard against a negative impact on any part of our operations. In glove production, our machinery is capable of producing both latex and nitrile gloves and the proportion of the gloves that we produce can be quickly adjusted. We also have a variety of customer base which have varying



preferences and regulations. Our production and marketing strategies can be quickly adjusted to respond to changing market demand.

## Operations and Investments in Foreign Countries

We have operations and investments in various countries including Thailand, Singapore, Indonesia, USA, and the PRC. Accordingly, we are subject to the risks associated with our business activities in these countries. Our business, financial condition, operating results and prospects may be materially and adversely affected by a variety of conditions and developments in these countries including:

- inflation, interest rates and general economic conditions;
- civil unrest, military conflict, terrorism, changes in political climate and general security concerns;
- changes in legal and regulatory conditions;
- changes in duties payable and taxation rates;
- natural disasters;
- the imposition of restrictions on foreign currency conversion or the transfer of funds; or
- the expropriation or nationalization of private enterprises or the confiscation of private property or assets.

Should any of the aforementioned risks materialize and we are unable to adapt our business strategies or operations accordingly, our business, financial condition, operating results and prospects may be materially and adversely affected.

### Risk Management

The Company closely monitors the operations, economic climate, and changes in the relevant domestic and international laws and regulations to assess opportunities and risks as well as formulate the appropriate strategies to minimize any negative effect on the Company.

## Dependence upon Services of Key Management

One of the key reasons for the growth of our Group has been our ability to attract and retain a team of

experienced professional managers. Our continued success will depend on our ability to retain key management personnel as well as to recruit and train new managers. If members of our senior management are unable or unwilling to continue in their present positions, we may not be able to find their appropriate successors and our business may be adversely affected. In addition, the process of recruiting new managers with the required skills and attributes may be time-consuming and competitive. We may not be able to attract additional qualified persons to complement our expansion plans and our business and operating results may be adversely affected.

### Risk Management

The Board of Directors has assigned the Nomination Committee to search for qualified candidates who could potentially assume positions as the Company's directors or executives to ensure that such persons will have the required knowledge, skills and experience to carry out our business strategies. Moreover, the Company has personnel management scheme that includes job rotations, the 'STA Development Program,' performance evaluation system, the provision of competitive remuneration and welfare and career advancement opportunities.

## Operational Risk

### Supply Chain Management

As the world's largest fully integrated natural rubber company, our business operations need to focus on supply chain management, which requires cooperation between internal and external parties. The majority of our dealings with external suppliers relate to the procurement of quality raw materials including unsmoked rubber sheets, cup lump and field latex at reasonable prices. Because we have approximately around 2,400 suppliers who provide us with raw materials of different quality, the raw material management therefore requires an effective procurement system with efficient utilization of resources as well as production that is friendly to the environment and the local communities.



## **Risk Management**

The Company recognizes the values of effective supply chain management. We have therefore expanded our operations to all levels of the supply chain, from upstream and midstream to downstream. The Company's wide product range, from RSS, TSR, LTX to examination gloves, enables us to diversify our sources of income and customers. In 2019, no single customer who is not a related person accounted for more than 7% of our total sale volume of natural rubber products and 7% of our total sale volume of gloves. Moreover, the Company has established an extensive network of raw material procurement and has located processing facilities in various strategic areas in the south, north and northeast of Thailand as well as in Indonesia and Myanmar for geographical raw material management and production diversification.

## **Production Disruption and/or Production Stoppage**

The production processes operated by the Company require vast amounts of resources. Any natural disaster, force majeure, shortage of labor, severe disruption to the infrastructure such as water supply or electricity, or any other events beyond control of the Company may lead to a significant disruption to or a stoppage of production. Such disruption or stoppage would adversely affect the operations of the Company.

### **Risk Management**

The Company has in place a business continuity plan (BCP) to ensure continuity of the Company's operations in the event of a contingency or any unforeseen circumstances that could disrupt the operations. However, having such a plan in place merely ensures that the operations would continue and any damage would be minimal. It does not necessarily mean that the operations would continue to run as smoothly as they would under normal circumstances. In addition, the Company has industrial all risks insurance to protect the business from any loss or damage that might result from a natural disaster or any unforeseen

circumstance, as well as business interruption insurance to minimize the financial impact that could result from any disruption to operations.

## **Environmental Management**

Because the Company operates many production facilities, the environmental issues that are involved include energy consumption management, management of waste from the natural rubber production processes, water and air pollution management, environmental claims and non-compliance or partial compliance with environmental regulations that could negatively affect the Company's reputation and result in fines or cessation or termination of the Company's operations.

In case that there will be more rigid regulations and/or social practices which the Company may not comply or could comply with significantly high costs. It is possible that these regulations and/or social practices would become more stringent in the future and failure by the Company to comply with such regulations and/or social practices may adversely affect the Company's operations, financial condition, and operating results and business opportunities.

### **Risk Management**

The Company has managed environmental risks through ISO 14001 by using the SWOT analysis to identify the risks that could affect the operations, taking account of such factors as locations of the Company's operations, the local communities and the biodiversity in the areas. The results of risk assessment can be divided as follows:

1. Resource management and pollution control The Company aims to utilize production processes that are friendly to the environment, for example, using a circulating water system in 100% of the production of block rubber, utilizing biomass as fuel, as well as using technologies for pollution control and real-time monitoring of the status of the pollution treatment system.
2. Compliance with regulations The Company has established various risk management measures, for example, the development of work procedures to ensure systematic supervision

and management and requiring the Company's operations to participate in workshops to ensure compliance with all relevant internal and external regulations. Additionally, the Company has supervised compliance with the environmental manual through Internal Audit and is closely monitoring any changes in the relevant laws and regulations

## Financial Risk

### Exchange Rate Volatility

While our financial report is shown in Baht, our raw materials purchasing for the Natural Rubber Products are transacted in Baht and Indonesian Rupiah, and our raw materials purchasing for Gloves are transacted in Baht and US Dollar. However, approximately 76.7 % of our total revenues is denominated in US Dollars. (approximately 18.0 % of our total revenues is denominated in US Dollars.) Therefore, the fluctuations in the exchange rates between Thai Baht, Indonesian Rupiah, US Dollars, or other currencies, could adversely affect our business, financial condition and operating results. Any fluctuations in the exchange rates between Thai Baht, Indonesian Rupiah and Malaysian Ringgit could adversely affect our price competitiveness in relation to other natural rubber and glove producers from Indonesia and Malaysia, respectively.

### Risk Management

The Company has attempted to mitigate foreign exchange risks by using financial derivatives to hedge our foreign exchange exposure arising from the purchase and sale of products in currencies other than Baht. Such derivatives are recorded at their fair value on the date of the statement of financial position. (Please find more details in Note to the Consolidated and Separate Financial Statements under item 38.)

### Interest Rate Volatility and Credit Market Risks

As of 31 December 2019, the Company had an aggregate of Baht 27,444.6 million in bank short-term loans for the purchase of raw materials such as unsmoked rubber sheets, cup lump and field late

accounted around 62% of total loans from financial institutions as well as bank long-term loans for support business expansion accounted around 38% of total loans from financial institutions. The majority of the loans are short-term loans and the average interest rate is 3.32 %, which is lower than the Minimum Loan Rate (MLR). Movements in the global financial markets and/or the situation of the rubber industry could adversely impact the costs or other terms of our existing financing (Please find more details in Note to the Consolidated and Separate Financial Statements under item 22.) as well as our ability to obtain new credit facilities or access the capital markets on favorable terms. A significant increase in our borrowing costs could impair our ability to compete effectively in the industry relative to competitors who may have lower amounts of debt financing.

Currently, the Company has an obligation under the loan agreements prescribed by the financial institutions to maintain the ratio of Net Long-Term Debt to EBITDA and Debt to Equity ratio. If there is a substantial volatility in natural rubber prices or any other factor that could affect the ability of the Company to maintain such a ratio, the loan agreements may be in default and the Company may be unable to repay the principal and interest to the financial institutions in case of early recalling.

### Risk Management

In considering any borrowings or issuance of financial instruments, the Company will conduct an analysis on interest rate and other conditions to ensure that such borrowings or financial instruments would provide maximum benefits to the Company. Moreover, the Company has provided proper source of funds such as reaching a bond markets by issuing debenture.

To maintain the financial ratios as required by financial institutions, we closely communicate with and keep the financial institutions informed of our operational status in any given period. In the event that the Company is unable to maintain the required financial ratio, the Company would request for

exemption from the financial institution(s) without triggering the loan default.

### Goodwill Impairment Risk

On 15 March 2017, the Company acquired additional shares of Sri Trang Gloves (Thailand) Co., Ltd., representing 50% of paid-up capital, for Baht 6,320 million. As a result of the acquisition, the Company recognized a goodwill of Baht 2,953.8 million in its consolidated financial statements. Then, on 1 April 2019, the amalgamation of Sri Trang Gloves (Thailand) Co., Ltd. and Thaikong Public Company Limited was completed and the new company is named Sri Trang Gloves (Thailand) Public Company Limited. After the completion of the amalgamation, the Company recorded a goodwill of Baht 220.9 million in its consolidated financial statements. In accordance with the generally accepted accounting principles for business acquisition, the Company is required to assess the fair value of the acquired assets and liabilities as well as the considerations of the share acquisition. Any difference would be recorded as goodwill or profits from acquiring assets at lower than their fair value. Accordingly, assets generating cash including goodwill are required to undertake impairment test on a yearly basis. In case there is an impairment (the carrying value of the business is greater than the expected recoverable value), such impairment would adversely affect the profit of the Company.

### Risk Management

The Company has continuously expanded the production capacity of glove business and implemented various business strategies to strengthen its competitiveness and increase its profitability in the long run. As of 31 December 2019, the Company recorded Baht 3,174.7 million in a goodwill which there is no impairment. (Please find more details in Note to the Consolidated and Separate Financial Statements under item 20.)

## Compliance Risk

### Legal and Compliance Risk

The Company's operations in Thailand and in other countries are subject to the various relevant laws and regulations. Any failure to comply with any such laws or regulations could negatively impact the Company's reputation and result in punishment and/or fine or loss of opportunity as well as other relevant costs. Additionally, there is a possibility that these laws or regulations as well as social practices would become increasingly more stringent in the future and the Company's operations, financial condition, operating results and business opportunities would be adversely affected should the Company be unable to comply with such laws and regulations.

### Risk Management

The Company has established a business unit that is responsible for monitoring the amendments of the relevant laws and regulations. The unit will then analyze the impacts on the Company's operations and inform management and employees of significant issues in order to ensure that the Company will be able to conduct the business in compliance with the relevant laws and regulations. In addition, the Company has published internal regulations and established various schemes to ensure compliance with the relevant laws and regulations, such as the Good Corporate Governance and Business Ethics Handbook, the Anti-Corruption Policy and the whistle-blower system, etc.

### Government Intervention

On the supply side of natural rubber, the intervention from the governments of the three major natural rubber-producing countries, namely, Thailand, Indonesia and Malaysia, started in 2012, then in 2016 and 2018, and the latest intervention in 2019 which The International Tripartite Rubber Council (ITRC) also agreed to impose the Agreed Export Tonnage Scheme (AETS) to reduce natural rubber exports from Thailand, Indonesia, and Malaysia by 240,000 tons for four months,





# WORLD'S LARGEST GREEN RUBBER COMPANY

reduced from the implementation in 2018 which was 350,000 tons for three months. For the AETs in 2019, Indonesia and Malaysia implemented this scheme during 1 April 2019 – 31 July 2019 and Thailand implemented during 20 May 2019 – 19 August 2019 to deal with low natural rubber prices.

Such interventions aim to solve the problem of low natural rubber prices. However, the measures implemented may cause domestic natural rubber prices to be inconsistent with prices on the global markets, or may cause the Company's sales volume to be inconsistent with market demand, which may impact the cost structure, revenue and profit of the Company. If the Company is unable to effectively manage the discrepancy between raw material costs and selling prices, our profitability may be adversely affected. Moreover, if the market prices of the Natural Rubber Products sold by the Company become volatile, our business, financial condition and operation results could be materially and adversely affected.

### **Risk Management**

The Company carefully manages its operations under the prevailing circumstances, taking account of the intervention by the Government or any other authorities. Having production facilities located in

different strategic locations, both domestically and internationally, also enables us to maintain our competitiveness in the global market.

### **Risks Relating to Investment in Our Shares**

#### **Currency Fluctuation Risk for Shareholders Holding the Company's Shares on the SGX-ST**

The Company's shares that are traded on the SGX-ST are denominated in Singapore Dollars, while dividends, if any, will be paid in Baht. Shareholders who hold shares traded on the SGX-ST therefore bear currency risk arising from fluctuations of Singapore Dollars against Thai Baht.

#### **Risk Management**

In paying dividends to our shareholders of shares traded on the SGX-ST, the Company will set the convertible rate from Thai Baht to Singapore Dollars on the day nearest to the date of dividend payment in order to minimize the currency fluctuation risk for the shareholders in Singapore.

*Note: There are some risks that may be unknown to the Company and other risks that the Company currently considers to be immaterial. These risks could have an impact upon the operations of the Company in the future.*

# Management Discussion and Analysis

## Financial Result Overview

Throughout 2019, the natural rubber (NR) industry had to contend with numerous challenges that contributed to high volatility in NR prices, from the imbalance between NR supply and demand to the speculation in the futures markets. The average price of TSR20 on SICOM during the first half of 2019 was 145.5 cent/kg, up 16.5% because of supply concerns following the decision by members of the International Tripartite Rubber Council (ITRC) to implement the Agreed Export Tonnage Scheme (AETS). The fungal disease that afflicted rubber trees on the Sumatra Island in Indonesia, which is the second-largest NR-producing country after Thailand, also cut down supply. In the second half of 2019, the outflow of funds from the futures markets caused NR prices to go down alongside prices of other commodities. The price of TSR20 on SICOM reached the bottom in late September at 124.4 cent/kg after Bloomberg reported that Chongqing General Trading Chemical, a major NR-trading company in China, terminated all outstanding contracts with counterparties. The average price of TSR20 on SICOM in the second half of 2019 was 135.8 cent/kg, while the whole year's average was 140.6 cent/kg, up 3.0% from 2018. But NR prices experienced more volatility during 2019 than in 2018.

High volatility was the factor that directly affected the profitability of our NR business in the midstream. Weakened demand from the major NR-consuming countries also caused our sales volume to drop 17.1% to 1,103,934 tons, a figure that represents 8% of global NR consumption. For our glove business in the downstream, we continued to expand our production

capacity throughout 2019 to keep up with the growing demand, both through the installation new production lines (Organic Growth) and through amalgamation (Inorganic Growth). Sales volume in 2019 rose to 19,913 million pieces, representing 7% of global glove consumption and increasing 17.5% from 2018.

Total revenue in 2019 was Baht 60,286.4 million, down 17.6% from 2018 because of lower sales volume for NR products and the appreciation of Thai Baht against US Dollar. High volatility in NR prices in the first half of 2019 led us to record a net loss in 1Q19 as we incurred losses from hedging transactions that stemmed from the sudden change in direction of NR prices following the inflow of funds into the futures market. But we were able to record a profit in all the other quarters amid the slowdown in the NR industry. Throughout 2019, we recorded a net loss of Baht 148.5 million. However, at the end of 2019 we had gains from the net realizable value of inventory in the amount of Baht 961.2 million that cannot be recorded under the accounting standards. Had we been able to record such gains, we would have had a net profit of Baht 812.7 million in 2019.

## Extraordinary Event

The completion of the amalgamation of Sri Trang Gloves (Thailand) Ltd. and Thai Kong Public Limited Company, a glove producer in Trang with 4 billion pieces per annum in production capacity, on 1 April 2019, resulted in a new company named Sri Trang Gloves (Thailand) Public Limited Company, in which we hold 81.1% of the total shares, down from the 90.2% previously held in Sri Trang Gloves (Thailand) Ltd.

## Income Statement Overview

(Unit : THB million)	FY19	FY18 (Restated)	%YoY	4Q19	4Q18 (Restated)	%YoY
Revenue from sales of goods and services	60,286.4	73,135.9	-17.6%	14,880.9	16,937.1	-12.1%
Cost of sales and services	(55,432.0)	(65,974.6)	-16.0%	(13,502.1)	(15,540.0)	-13.1%
Gross profit (loss)	4,854.4	7,161.4	-32.2%	1,378.7	1,490.4	-7.5%
SG&A	(4,570.6)	(5,258.7)	-13.1%	(1,204.6)	(1,354.5)	-11.1%
Other income	281.1	234.4	19.9%	97.0	57.8	67.8%
Gains (loss) on exchange rate, net	569.0	(252.1)	N/A	186.5	40.4	361.6%
Other gains, net	(478.1)	1,203.3	N/A	(270.7)	156.0	N/A
Operating profit (loss)	655.6	3,088.3	-78.8%	185.4	296.9	-37.6%
Share of profit (loss) from investments in JV	132.3	223.7	-40.8%	36.7	26.5	38.5%
EBITDA	3,274.3	5,757.8	-43.1%	857.7	1,052.7	-18.5%
EBIT	788.0	3,312.0	-76.2%	222.1	239.8	-7.4%
Finance costs, net	(855.6)	(905.8)	-5.5%	(188.5)	(223.2)	-15.6%
Income tax (expense)	15.6	(244.7)	N/A	75.9	51.8	46.4%
Net Profit (loss) for the periods	(52.1)	2,161.5	N/A	109.5	152.0	-27.9%
Attributed to Owners of the Company	(148.5)	2,064.4	N/A	74.0	139.1	-46.8%
Non-controlling interests of the subsidiary	92.1	81.6	12.9%	35.5	12.0	195.6%
Former interests before restructuring of the subsidiary	4.3	15.5	-72.1%	-	0.9	N/A

## Revenue

Total revenue from products and services in 2019 was Baht 60,286.4 million, down 17.6% from 2018. Revenue from NR products went down 21.5% to Baht 48,043.6 million because of sales volume that dropped 17.1% due to weakened demand, while the average selling price declined 5.3% alongside NR prices on the global market.

Revenue from gloves was Baht 12,194.8 million, up 3.5% from 2018. Thanks to our successful marketing strategy to broaden customer base, sales volume grew 17.5%, higher than the global growth in demand. But the average selling price dropped 12.0% alongside prices of latex and synthetic rubber, the primary raw materials. The lower average selling price was also caused by the appreciation of Thai Baht against US Dollar, especially when compared with Malaysian Ringgit, the currency of our major competitors. Revenue from other products and services came in at Baht 48.0 million.

## Sales Volume

Sales volume for NR products in 2019 was 1,103,934 tons, down 17.1% from 2018. The weakened global NR demand and supply constraints as raw material prices went up higher than prices on the global markets would negatively affect our profitability had we tried to maintain the same level of sales volume as in 2018. Our market share in 2019 was 8% of global NR consumption, down from 10% in 2018 mainly due to lower sales volume to China following the imposition of tariffs on goods imported from China into the USA but domestic sales volume increased. Geographically, China still remained our largest market at 40.4% of total sales volume, followed by the other markets in Asia at 29.5%. Sales volume for the domestic market rose to 21.1%, driven by the relocation of production to Thailand by Chinese tire manufacturers and also by some domestic manufacturers benefiting from the trade war between China and the USA. America and Europe accounted for 4.8% and 4.1% of total sales volume, respectively.

Sales volume for gloves in 2019 was 19,913 million pieces, up 17.5% from 2018. Our market share was at 7% of global glove consumption in 2019, driven by a significant growth in demand for both latex and nitrile gloves. Because we have a vertically integrated business model and production facilities in Thailand, we are able to capitalize on our competitive advantage in raw material sourcing for latex glove production. Our strategy has therefore been to put a strong focus on the sale of latex gloves in previously untapped markets like India, South Africa, Latin America and other emerging markets. This explains why latex gloves accounted for 67% of our production volume while nitrile gloves accounted for 33%. Geographically, Asia was our largest market with 41.5% of total sales volume, followed by America at 28.0%, Europe at 23.8% and other markets at 6.7% of total sales volume, respectively.

## Gross Profit

Gross profit in 2019 was Baht 4,854.4 million, dropping 32.2% from Baht 7,161.4 million in 2018. The drop in

gross profit in our NR business resulted from the increase in prices of cup lump and field latex, which went up higher than NR prices on the global markets. In response, we had to delay the purchase of raw materials for products that were affected by heightened price competition. In addition, the decline of NR prices in the futures markets at the end of 2019 means that some of our inventory was marked down to net realizable value (NRV), and the shortfall had to be included as part of the cost of goods sold in accordance with the accounting standards. We also had losses from hedging transactions because of the sudden increase in NR prices during the period when we had to stock up on raw materials. In the glove business, even though sales volume continued to grow, gross profit was negatively affected by the continued appreciation of Thai Baht. Gross profit margin in 2019 was 8.1%, down from 9.8% in 2018. Taking account of the reversal of inventory allowance in the amount of Baht 133.3 million and realized losses from hedging transactions in the amount of Baht 86.3 million, our adjusted gross profit margin in 2019 would have been 7.7%, up from 11.4% in 2018.

## Operating Profit

Operating profit in 2019 was Baht 655.6 million and operating profit margin was 1.1%, down 78.2% from 2018. The drop in operating profit margin resulted from lower gross profit and the appreciation of Thai Baht against US Dollar. But we had Baht 569.0 million in currency exchange gains in 2019, which partially helped to offset the effect of the stronger Thai Baht. The volatility in NR prices also caused us to record losses on hedging transactions and other losses in the amount of Baht 478.1 million, which was partially offset by the Baht 961.2 million in gains from the net realizable value of inventory (NRV)\*.

Administrative and selling expenses dropped by Baht 688.1 million or 13.1% from 2018. The decrease can be attributed to selling expenses that went down in tandem with lower sales volume for NR products and personnel expenses that dropped following corporate restructuring



and the introduction of automation to improve efficiency. Other incomes (including dividends received) in 2019 was Baht 281.1 million, an amount that includes the Baht 46.4 million received by Sri Trang Gloves (Thailand) Plc. (STGT) from the Rubber Authority of Thailand (RAOT) as part of the interest rate subsidy scheme to help rubber producers expand production capacity as well as proceeds from insurance and rent.

*Note: \*Inventory balance of the Company at net realizable value (NRV), for only RSS, LTX and TSR, is at lower of cost or net realizable value. Under the Thai Financial Reporting Standards, such surplus from inventories is not allowed to be recognized in the profit and loss until the inventories are actually sold. The amount of such difference changes over time depending on the actual price at the time of sale.*

## Share of Profit from Investments in Associates and Joint Ventures

Share of profits from investments in associates and joint ventures in 2019 was Baht 132.3 million, down 40.8% from 2018 because of lower profits from the NR and high-pressure hydraulic hose joint ventures due to weakened demand and the appreciation of Thai Baht, respectively.

## Net Loss Attributed to Owners of The Company

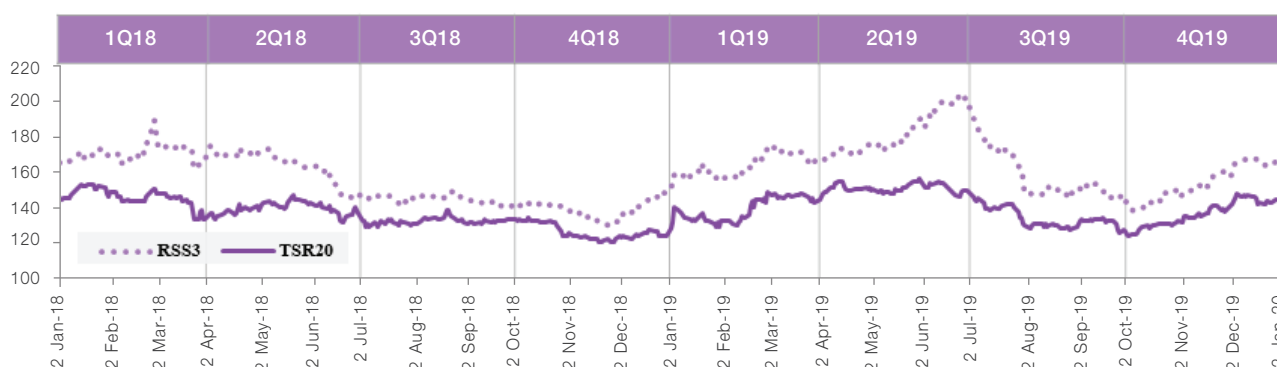
Net loss in 2019 was Baht 148.5 million, because volatility in NR prices negatively affected our raw material costs and hedging transactions, resulting in lower operating profit and lower share of profits from investments in associates and joint ventures. Additionally, the appreciation of Thai Baht, which moved in an opposite direction of the currency of our competitors, also had an effect on our glove business. Finance costs went down 4.8% to Baht 890.6 million because of lower interest rate. However, at the end of 2019, we had Baht 961.2 million in gains from the net realizable value of inventory that cannot be recorded in accordance with the accounting standards. Had we been able to record such gains, we would have had a net profit of Baht 812.7 million in 2019.

Going forward, we will continue to use the selective selling strategy and spot contracts over long-term contracts in our NR business. We will use risk management tools that are appropriate to market conditions in any given moment. In the glove business, we will continue to capitalize on our fully integrated business model and competitive advantage in raw material sourcing for latex glove production to keep expanding our market share for latex gloves while also maintaining our market share for nitrile gloves.

## Key Factors Affecting the Company's Operations

### 1. Volatility of Natural Rubber Price

(Unit : US Cent/Kg.)



Daily Price Movement of TSR20 and RSS3 at SICOM





The imbalance between natural rubber supply and demand and the inflows of funds in the futures market caused natural rubber prices to experience volatility throughout 2019. In the first half of 2019, prices of RSS3 on SICOM went up 35.2% while prices of TSR20 on SICOM moved up 16.5% because of supply concerns following the decision by members of the International Tripartite Rubber Council (ITRC), namely, Thailand, Indonesia and Malaysia, to implement the Agreed Export Tonnage Scheme (AETS) during the period from 1 April 2019 to 31 July 2019 in Indonesia and Malaysia, and during the period from 20 May 2019 to 19 August 2019 in Thailand. The fungal disease that afflicted rubber trees on the Sumatra Island in Indonesia, which is the second-largest natural rubber-producing country after Thailand, also cut down supply and led to speculation in the futures markets. The average price of TSR20 on SICOM during the first half of 2019 was 145.5 cent/kg.

In the second half of 2019, the outflow of funds from the futures markets caused NR prices to go down alongside prices of other commodities. The price of TSR20 on SICOM reached the bottom in late September at 124.4 cent/kg after Bloomberg reported that Chongqing General Trading Chemical, a major NR-trading company in China, terminated all outstanding contracts with counterparties. The average price of TSR20 on SICOM in the second half of 2019 was 135.8 cent/kg, while the whole year's average was 140.6 cent/kg, up 3.0% from 2018. But NR prices experienced more volatility during 2019 than in 2018. High volatility in the natural rubber market in 2019 became the main factor affecting our profitability in both natural rubber and glove businesses as latex gloves accounted for 67% of our sales volume in 2019.

### Price Movement of TSR20 and RSS3 at Singapore Commodity Exchange Limited (SICOM) during 2018–2019

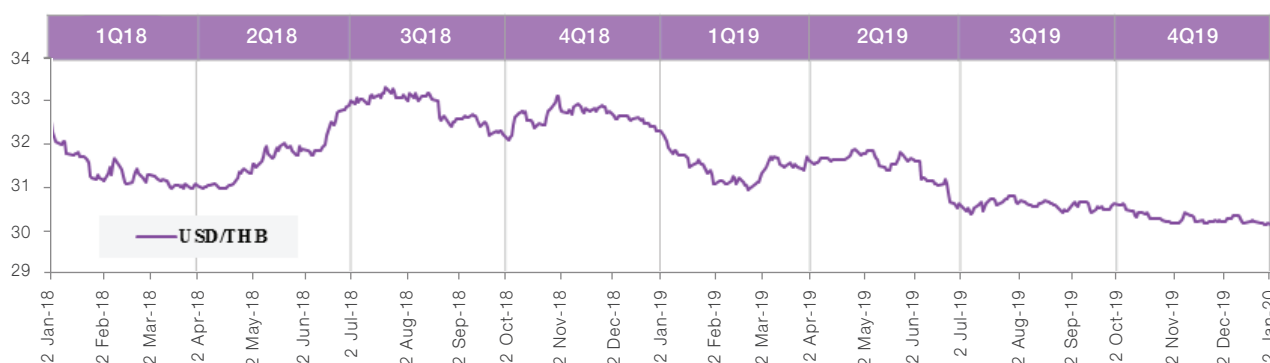
(Unit : US cent/kg.)

	RSS3			TSR20		
	2019	2018	%Change	2019	2018	%Change
Q1 Average	164.0	171.2	-4.2%	139.4	146.5	-4.9%
Q2 Average	182.3	164.6	10.7%	151.3	140.0	8.1%
Q3 Average	158.8	145.4	9.2%	134.7	132.9	1.4%
Q4 Average	154.1	139.7	10.3%	137.0	126.7	8.1%
<b>Yearly Average</b>	<b>164.7</b>	<b>155.1</b>	<b>6.2%</b>	<b>140.6</b>	<b>136.5</b>	<b>3.0%</b>
Closing price as at 31 December	166.3	148.5	12.0%	145.1	124.8	16.3%



## 2. Foreign Exchange Rate

Baht : US dollar



*Historical Exchange Rate of Thai Baht against US dollar*

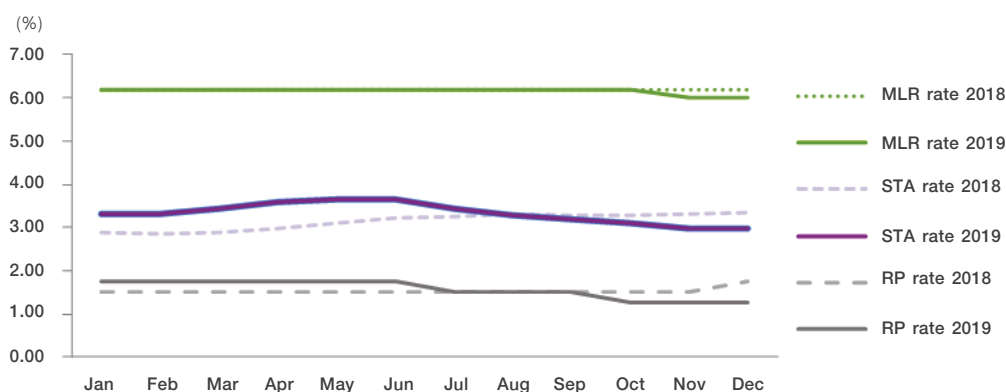
The fluctuations of Thai Baht and US Dollar directly affect our revenue since approximately 76.7% of our total revenue are denominated in US Dollars, while our financial reporting currency is Thai Baht. We therefore utilize financial derivatives to manage our currency risk and their mark-to-market values will be recognized as unrealized foreign exchange gain or loss.

In 2019, Thai Baht moved up 3.8% against US Dollar, from an average of 32.15 Baht/US dollar in 2018 to 30.94 Baht/US dollar in 2019. During 2019, Thai Baht was going to be stronger from quarter to quarter as a result of capital flows following the delay in interest rate increase by the Federal Reserve and a record of Thailand's current account surplus. As a result of hedging transaction operation, as the world's leading natural rubber and glove exporter, we recorded Baht 569.0 million in foreign exchange gain in 2019, improved from a loss of Baht 252.1 million in 2018.

## 3. Finance Costs

The key factors affecting our finance costs are NR prices, sales volume and long-term loans for capacity expansion. In 2019, our interest expenses went down from 2018 on account of a decrease in short-term borrowings to support raw material purchasing in line with the sales volume. As a result, our overall finance costs decreased 4.8% from Baht 935.2 million in 2018 to Baht 890.6 million in 2019.

The graph below illustrates that our average interest rate during 2018-2019 was lower than the average Minimum Loan Rate (MLR) of three large commercial banks, Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank.



*STA Effective Interest Rate vs. Average MLR Rate*

## 4. Government Policy

Policies issued by the governments of Thailand and other major natural rubber-exporting countries may benefit or negatively affect our operations. For instance, in a joint effort to combat low natural rubber prices, the governments of Thailand, Indonesia and Malaysia, the three major natural rubber-producing countries, agreed to implement the Agreed Export Tonnage Scheme (AETS) in 2012, in 2016, then in 2018. The latest implementation, in 2019, the three governments again imposed a quota of 240,000 tons of rubber exports dropped from the reduction quota of 350,000 tons in 2018. For the latest implementation, Indonesia and Malaysia started implement this scheme the period from 1 April 2019 to 31 July 2019 and Thailand implemented the period from 20 May 2019 to 19 August 2019. These policies may cause domestic natural rubber prices to be inconsistent with natural rubber prices on the global markets or cause our sales volume to be inconsistent with global natural rubber demand.

Nevertheless, Thai government has executed various programs to deal with the low natural rubber price and to help rubber farmers with no impact on market mechanism such as the price guarantee offered to rubber farmers, which lasts from October 2019 to March 2020, and whereby the government will compensate rubber farmers the differential between the guaranteed prices and prices on the market. The guaranteed prices are 60 Bath/kg. for good quality unsmoked sheets, 57 Baht/kg. for fresh latex and 23 Baht/kg. for cup lump. Other measures aimed at promoting NR consumption include the interest rate subsidy of no more than 3% offered to businesses that consume natural rubber and the encouragement for rubber plantations to be certified by the Forest Stewardship Council (FSC) in order to increase the value natural rubber products from Thailand and broaden export base.

Our gloves operations are also affected by policies such as the ban issued by the US Food and Drug Administration on the use of powdered medical gloves, which could lead to shifting in demand for latex gloves to powder-free latex gloves or nitrile gloves.

## Business Segmentation Analysis

### Revenue breakdown by product segment

(Baht million)

	FY 2019	FY 2018	% YoY
Technically Specified Rubber (TSR)	39,019.7	50,008.1	-22.0%
%	64.7%	68.0%	
Gloves	12,194.8	11,788.0	3.5%
%	20.2%	16.0%	
Ribbed Smoked Sheet (RSS)	6,117.3	6,816.0	-10.3%
%	10.1%	9.3%	
Concentrated Latex (LTX)	2,906.6	4,366.7	-33.4%
%	4.8%	6.0%	
Others*	48.0	157.2	-69.5%
%	0.1%	0.2%	
<b>Total</b>	<b>60,286.4</b>	<b>73,135.9</b>	<b>-17.6%</b>

Note: \*Comprises revenue from (i) the sale of rubber wood and wood packing product (ii) the provision of certain services (such as logistics, research and development and information technology services) to our associates and a joint venture entity as well as other external third parties and (iii) the sale of gloves

### Technically Specified Rubber (TSR)

Revenue from TSR, which accounted for 64.7% of total revenue, dropped 22.0% from 2018 as a result of sales volume that declined 16.9% due to weakened demand, especially in China. Heightened price competition in China and in raw material sourcing negatively affected sales volume and profitability. As a result, gross profit for TSR in 2019 went down 36.1% from 2018 and gross profit margin was also down.

### Gloves

Revenue from gloves, which accounted for 20.2% of total revenue, rose 3.5% from 2018 on the back of sales volume that grew 17.5% following the capacity expansion. We saw a significant increase in demand from the emerging markets and were able to also increase our market share in the developed markets such as European countries, the USA and Japan. However, the drop in prices of latex and synthetic rubber, the primary raw material in latex and nitrile glove production, respectively, which moved down alongside oil prices on the global market\*, and the appreciation of Thai Baht against US Dollar, brought the average selling price down by 12.0%. As a result, gross profit dropped 23.3% from 2018. Gross profit margin was also down but still comparable to that of other leading glove producers.

*Note: \*Synthetic rubber is derived from crude oil.*

### Ribbed Smoked Sheet (RSS)

Revenue from RSS, which accounted for 10.1% of total revenue, dropped 10.3% from 2018 as a result of a sales volume that declined 9.0% because of lower export volume, while the average selling went down 1.4%. Because prices of RSS experienced less volatility than those of the other NR products in 2019, gross profit for RSS improved 1.6% from 2018 and gross profit margin also went up as a result.

### Concentrated Latex (LTX)

Revenue from LTX, which accounted for 4.8% of total revenue, went down 33.4% from 2018 as a result of a 9.2% decline in average selling price and a 26.7% drop

in sales volume, which resulted from lower sales volume from customers outside of Sri Trang Group. Even though LTX consumption within the Group increased 26.5%, sales within the Group are deemed connected transactions and cannot be stated on the consolidated financial statements. Gross profit for LTX dropped 82.2% because of the mismatch between supply and demand of field latex during the first half of 2019, which coincided with the wintering season and a period of speculation that led to heightened price competition in raw material sourcing. Gross profit margin also went down considerably as a result.

## Consolidated Balance Sheet

### Current Assets

Current assets as of 31 December 2019 amounted to Baht 22,542.8 million, representing 38.6% of total assets and down by Baht 1,683.1 million or 6.9% from the previous year. The decrease in current assets primarily resulted from trade accounts receivable and other receivables that declined by Baht 991.1 million due to lower sales volume of NR products and cash and cash equivalents that decreased by Baht 1,877.3 million in line with the Company's operation.

### Non-Current Assets

Non-current assets as of 31 December 2019 amounted to Baht 35,788.1 million, representing 61.4% of total assets and increasing by Baht 1,599.6 million or 4.7% from the previous year. The increase in non-current assets primarily consists of an increase in property, plants and equipment in the amount of Baht 1,419.6 million (net of depreciation and write-off) as a main result of the capacity expansion of Glove facilities. An increase in rubber plantations in the amount of Baht 195.2 million also contributed to the increase in non-current assets.

### Current Liabilities

Current liabilities as of 31 December 2019 amounted to Baht 22,472.4 million, representing 68.4% of total liabilities and rose by Baht 1,336.0 million or 6.3% from the previous year. The rise in current liabilities primarily

resulted from an increase in short-term borrowings from financial institutions as working capital to support the purchase of raw materials in the amount of Baht 1,182.0 million and the borrowings that will be due within one year increased by Baht 1,157.5 million.

### Non-Current Liabilities

Non-current liabilities as of 31 December 2019 amounted to Baht 10,370.1 million, representing 31.6 % of total liabilities and down by Baht 496.7 million or 4.6% from the previous year. The decrease in long-term borrowings from financial institutions (not including those that will be due within one year) amounted to Baht 7,873.9 million, down Baht 364.1 million from the end of 2018. Such borrowings are used to support the capacity expansion of our glove facilities.

### Shareholders' Equity

Shareholders' equity as of 31 December 2019 amounted Baht 25,488.4 million, decreasing by Baht 922.9 million or 3.5% from the previous year. The decrease in shareholders' equity primarily resulted from unappropriated retained earnings in the amount of 606.0 million from the net profit that dropped during the year.

### Research and development (R&D) expenditure

In 2019, we had Baht 49.6 million, up 5.5% from the previous year, in expenses associated with research and development in relation to all our products, from TSR, LTX, RSS to Gloves. Such expenses went toward improving the production efficiency and product quality to satisfy customer demand and also toward the sustainable environmental management. Throughout the year 2019, we have developed 60 projects for R&D and 12 projects of that will be continued to conduct in 2020.

The National Science and Technology Development Agency (NSTDA) also approved in 2019 that two of our R&D projects satisfy the criteria laid out in a Ministry of Finance Announcement regarding taxation. As a result, R&D expenses in the amount of Baht 0.25 million were

exempt from corporate taxation and we were able to record three times the amount, equaling Baht 0.75 million, as expenditure.

### Source of Funds

In 2019, our capital expenditure was Baht 4,126.2 million, up 48.4% from the previous year, which primarily consisted of Baht 3,461.4 million in expenditure for gloves facilities accounted around 83.9% of total capital expenditure. Followed by, the maintenance expenditure of our TSR, RSS and LTX facilities Baht 441.0 million accounted around 10.7% of total capital expenditure and the investment for rubber plantation business and others expenditure in the amount of Baht 183.3 million, and Baht 39.9 million respectively. Our primary sources of funds were cash and long-term borrowings from financial institutions.

### The Ability to Service Debt and Comply with Loan Covenants

Short-term and long-term borrowings from financial institutions, debentures and financial leases as of 31 December 2019 amounted to Baht 28,936.7 million (Please find details about payment term, interest rate and ending balance in each foreign currency in Note to the Consolidated and Separate Financial Statements under item 22). In May 2019, Baht 810 million in mature debentures was redeemed.

Our net debt to equity ratio was at 1.20 times as of 31 December 2019, dropping from 1.05 times in 2018, mainly due to the decrease in cash and cash equivalence in the amount of Baht 1,877.3 million and the increase in interest bearing debt in the amount of 1,152.8 million.

### Financial Ratios

#### Current Ratio

Current ratio is calculated by dividing total current assets by total current liabilities. Our current ratio as of 31 December 2018 and 31 December 2019 was 1.15 times and 1.00 times, respectively. The decrease in current ratio primarily resulted from trade accounts receivable and other receivables that declined by Baht





991.1 million due to lower sales volume and cash and cash equivalents that decreased by Baht 1,877.3 million in line with the Company's operation.

### Fixed Asset Turnover Ratio

Fixed asset turnover ratio is calculated by dividing the sales of goods and services by the average value of property, plants and equipment (net). As of 31 December 2018 and 31 December 2019, our fixed asset turnover ratio was 2.69 and 2.06 times, respectively. The decrease in fixed asset turnover ratio can be attributed to revenue that went down as a result of lower sales volume of NR products in accordance with the market situation together with the appreciation of Thai Baht comparing to US Dollar while the fix assets went up as a result of the capacity expansion.

### Return on Assets ("ROA")

ROA is calculated by dividing net profit (of the parent company) for the year by the average value of total assets. As of 31 December 2018 and 31 December 2019, our ROA was 3.50% and 0.25%, respectively. The decrease in ROA mainly resulted from the drop in profitability comparing to the previous year.

### Return on Equity ("ROE")

ROE is calculated by dividing net profit (of the parent company) for the year by the average total equity. As of 31 December 2018 and 31 December 2019, our ROE was 8.31% and -0.57%, respectively. The increase in ROE resulted from our drop in financial performance.

### Debt to Equity Ratio ("D/E")

D/E is calculated by dividing total debt by total equity. As of 31 December 2018 and 31 December 2019, our D/E was 1.21 and 1.29 times, respectively. The slightly decrease in D/E resulted from an increase in short-term borrowings from financial institutions to support raw material purchasing in the amount of Baht 1,182.0 million and a decrease in total equity following the slowdown of retained earnings, respectively.

## Business Outlook

### Rubber Industry

	2018	2019F	2020F
<b>%Global Growth (GDP)</b>	<b>3.6%</b>	<b>3.0%</b>	<b>3.4%</b>
<i>China (the world's largest NR consumer)</i>	6.6%	6.2%	6.0%
<i>Europe (the world's second largest NR consumer)</i>	1.9%	1.3%	1.6%
<i>India (the world's third largest NR consumer)</i>	6.8%	7.0%	7.2%
<b>Vehicle production (mil. Unit)</b>	<b>98</b>	<b>94</b>	<b>95</b>
<i>% change</i>	-0.8%	-3.4%	0.8%
<b>Tire production (mil. Unit)</b>	<b>1,907</b>	<b>1,909</b>	<b>1,956</b>
<i>% change</i>	1.8%	0.1%	2.4%
<b>NR consumption ('000 tons)</b>	<b>13,764</b>	<b>13,754</b>	<b>14,011</b>
<i>% change</i>	4.1%	-0.1%	1.9%

Source : International Rubber Study Group (IRSG), The World Rubber Industry Outlook, Review and Prospects to 2028, December 2019 and Rubber Industry Report (July – September 2019)

Since the growth of the global economy reflects purchasing power of consumers. As for the natural rubber consumption, the key factors affecting natural rubber demand are the vehicle production and tire production over the world because tire manufacturers account around 70% of global natural rubber demand. According to IRSG report, in 2019, demand from tire manufacturers increased 0.6% on the back of growth in the Chinese, Indian, and European markets. At the same time, NR demand from other sectors decreased by 1.7%, due to the delay in consumption from Indian and European markets. However, in 2019, demand for synthetic rubber, which needs to be used together with natural rubber for tire production and can be used in place of natural rubber in the production of some rubber products, dropped by 2.8%, a much higher rate than a drop in natural rubber consumption.

## Natural Rubber Demand and Supply

World Natural Rubber production and consumption during 2018 - 2020

Unit : 000'tons	2018	2019F	2020F
<b>NR production</b>	<b>13,887</b>	<b>13,731</b>	<b>14,050</b>
% change	2.5%	-1.1%	2.3 %
<b>NR consumption</b>	<b>13,764</b>	<b>13,754</b>	<b>14,011</b>
% change	4.1%	-0.1%	1.9%
<b>NR Balance</b>	<b>123</b>	<b>(23)</b>	<b>39</b>

Source : International Rubber Study Group (IRSG), *The World Rubber Industry Outlook, Review and Prospects to 2028*, December 2019

According to the World Rubber Industry Outlook, Review and Prospects to 2028, published by the International Rubber Study Group (IRSG) in December 2019, global NR demand in 2019 was 13,754,000 tons, slightly down 0.1% from 2018. Demand from tire manufacturers increased in most countries except in China, where demand remained flat from 2018, up by only 0.6%. Meanwhile, demand from non-tire consumers declined 1.7% because of the slowing economy. Global demand for synthetic rubber was also down by 2.8% from 2018, outpacing a drop in NR demand.

Global NR supply went down 1.1% to 13,731,000 tons in 2019, mainly because of the fungal disease that affected rubber trees in Indonesia and some provinces of Thailand, cutting down supply by 9.7% and 3.9%, respectively, or 540,000 tons collectively. Meanwhile, NR supply from other countries such as India, Vietnam, the CAMAL\* countries, as well as African countries, continued to grow from 2018.

The IRSG expects an oversupply of NR in 2020, a result of the planting during a period of high NR prices from 2010 to 2012 (the average price TSR20 on SICOM at during the period was 368 cent/kg), which saw the area of rubber plantations in the Asia-Pacific region expand by 18.9%. The rubber trees planted during this period has been providing yield since 2017, perpetuating the oversupply. But the oversupply was alleviated in 2019 because the fungal disease cut down supply from Thailand and Indonesia, the world' largest and second-largest NR-producing countries, by 540,000 tons. The IRSG anticipates NR supply surplus to be around 39,000 tons in 2020, compared with a deficit of 23,000 tons in 2019.

Note: \* the CAMAL countries include Cambodia, Myanmar and Lao PDR.



- **STERILE GRADE**
- **STANDARD GRADE**
- **PREMIUM GRADE**



## Rubber Glove Industry

Gloves are products that help to effectively protect against germs, chemicals and other contaminants. As such, they are widely used in industries as diverse as the healthcare industry, the food industry, the electronics industry and the cosmetics industry. Gloves that are consumed nowadays can be broadly categorized into three types, namely, powdered and powder-free latex gloves, nitrile gloves and vinyl gloves.

## Rubber Glove Demand and Supply

Demand for gloves from all industries, especially the healthcare industry, is growing steadily. The Malaysian Rubber Glove Manufacturers Association (MARGMA) estimated that demand for gloves in 2019 was approximately 300 billion pieces, grew 12% from the previous year. The growth in demand was mainly driven by the healthcare industry and the increased consumption of personal hygiene products among emerging countries in the Asia-Pacific region, in Africa and in Latin America.

While gloves are consumed in countries around the world, glove production is concentrated in Southeast Asia and China. MARGMA estimated that in 2019,

63% of the world's gloves were produced in Malaysia and 18% in Thailand, while China and Vietnam accounted for 10% and 3% of global production, respectively.

## Our Business Strategy and Progress of Expansion Plan

### Upstream Business – 7,200 odd hectares of land already secured for rubber plantations

As of 31 December 2019, we had approximately 7,200 hectares of rubber plantations in 19 provinces of Thailand, with the majority located in the north and northeast. We planted rubber trees and some lots have been providing yields since 2015, facilitating the raw material sourcing for our midstream operations. We estimate that in 2020, the rubber trees that can be tapped would account for 25% of total rubber trees, up from 11% in 2019, a development that would benefit our core business in the midstream.

In July 2019, STA group received Forest Management Certification and Chain-of-Custody Certification from the Forest Stewardship Council (FSC). **We are the first fully integrated NR producer to be recognized by the FSC throughout the supply chain.**

### Midstream Business – keeping profitability and moving toward “STA 20”

As of 31 December 2019, we had 36 production facilities, of which 32 are located in Thailand, three in Indonesia, and one is in Myanmar. Together they provide a total of 2.86 million tons per annum in production capacity\*. For this year, we plan to utilize more automation in our facilities to improve efficiency, reduce energy consumption and become more environmentally friendly. In the long run, we are focused on maintaining relationships with our existing customers as well as cultivating new ones like tire manufactures from overseas who have set up production base in Thailand and consumers of concentrated latex worldwide. We intend to eventually achieve “STA 20,” that is, to capture **a market share of 20% of “global NR consumption.”** (In 2019, our market share was 8% of global NR consumption.)

*Note: \*The engineering capacity is derived from the specifications certified by the supplier of the processing machinery. Our engineering capacity includes the engineering capacity of Thaitech Rubber Corporation Limited.*

### Downstream Business – targeting to achieve 50 billion pieces of gloves per annum by 2025

We intend to capitalize on our competitive advantage over competitors in latex glove production, which is our ready access to quality concentrated latex at favorable prices. We will also continue to produce nitrile gloves to satisfy customer demand from all over the world for both medical and lifestyle uses. In 2019, our market share was 7% of global glove consumption.

As of 31 December 2019, our production capacity has been increased to 27 billion pieces of gloves per annum.

**We will reach 33 billion pieces per annum in installed production capacity in 2020.** We will continue to expand our production capacity to keep up with demand for gloves, which is growing 10-12% per annum\*, and **aim to achieve 50 billion pieces per annum in production capacity by 2025.**



On July 8, 2019 the Board of Directors of STA resolved to **approve the issuance and initial public offering (IPO) of shares of STGT.** The number of newly-issued shares to be offered will not exceed 31.00% of the paid-up capital of STGT after the IPO, which is expected to take place in 3Q20. STA is expected to receive the following benefits from the IPO: 1. Lessening STA's burden in providing financial support to STGT; 2. Lowering STA's overall financial costs in the long run; 3. The business structure of STA will be clearly delineated; and 4. The value of STGT's shares will be reflected in STA's share prices.

*Note: \*MARGMA Industry Brief 2019 on the Rubber Glove Industry*

# The Audit Committee Report

The Audit Committee, appointed by the Board of Directors of Sri Trang Agro-Industry Public Company Limited (the “Company”), consists of three independent directors, as follows:

1. Mr. Kriang Yanyongdilok  
Chairman of the Audit Committee
2. Mr. Samacha Potavorn  
Audit Committee member
3. Miss Anusara Chitmittapap  
Audit Committee member

The Audit Committee performs its duties and responsibilities as assigned by the Board of Directors of the Company. In the year 2019, the Audit Committee convened a total of eight meetings, The Audit Committee attended all of the quorum meetings and, where the agendas were relevant, meetings were also attended by the senior management, the manager of the internal audit department and the auditors. The duties and responsibilities performed by the Audit Committee can be summarized as follows:

- Reviewed the quarterly and year-end financial statements for the year 2019 together with the auditor, the Chief Financial Officer (CFO) and the management to ensure that they are accurate and comply with the generally accepted accounting principles. In determining the accuracy of the financial statements, there were discussions and exchanges of opinion throughout the meetings prior to submitting the financial statements to the executive directors of the Company for approval. In the Audit Committee’s meeting no. 1/2020, held on 27 February 2020, there was a meeting between Audit Committee and external auditor without management participation which the external auditor did not have any significant observations.
- Considered the internal audit plan and reviewed the results of internal audit conducted by the internal audit department as well as the sufficiency, appropriateness and effectiveness of the internal control system and risk management system.

- Ensured that the Company complied with the relevant laws and regulations and the principles of good corporate governance as well as its Articles of Association and the regulations of the SEC and the SET and that the Company adequately disclosed information.
- Reviewed the entering into and disclosure of related party transactions that may lead to conflicts of interest between the interested parties and the Company and its subsidiaries. The review concluded that the Company complied with all the laws and regulations of the SET regarding related party transactions.
- Submitted the names of the persons to be appointed the Company’s auditors and the proposed auditing fees for the year 2020 to the Board of Directors in order to obtain approval from the Company’s shareholders during the 2020 Annual General Meeting of Shareholders. In performing this duty, the Audit Committee considered the track record and the independence of the auditors and the appropriateness of the remuneration.

In conclusion, it is the opinion of the Audit Committee that the Company’s operations in the past year have sufficient and appropriate internal control system and risk management system, that the financial statements were prepared in accordance with the generally accepted accounting principles and that the Company has complied with all the laws and the regulations of the SEC and the SET relating to its business operations. In the performance of its duties the Audit Committee were accorded full independence and discretion and there were no limitations on its access to information.

Yours sincerely,

**Mr. Kriang Yanyongdilok**

*Chairman of the Audit Committee*

*February 2020*



## Report on the Board of Director's Responsibility for the Financial Reports

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The Board of Directors is responsible for the stand-alone financial statements of Sri Trang Agro-Industry Public Company Limited and the consolidated financial statements of Sri Trang Agro-Industry Public Company Limited and its subsidiaries as well as the financial information stated in the Company's 2019 Annual Report. The financial statement ended on December 31, 2019 was prepared in accordance with the generally accepted accounting standards by using appropriate and consistent accounting policy including careful consideration and reasonableness. The important information was adequately disclosed in the notes to the financial statements to transparently reflect the actual financial position, operating results and cash flow for the understanding of shareholders and investors. The financial statements have been audited by EY Office Limited and all the related information was provided to the auditors for supporting their opinion in accordance with the auditing standards.

The Board of Directors recognized their duties and responsibilities for supervising the efficient preparation of financial report and have instituted risk management system and appropriate internal control system for both operation and related information systems to ensure the accuracy and completeness of the financial information and to prevent fraud or mismanagement and to protect the Company's assets.

In this regard, the Board also appointed an Audit Committee to review the accuracy and reliability of the financial reports, the effectiveness of the internal audit and internal control system as well as the risk management system, along with the appropriateness and completeness of information disclosure regarding related party transactions and to state their opinion in the Audit Committee Report in the Annual Report.

From the corporate governance practices mentioned above, the Board is of the opinion that the overall internal control system of the Company is satisfactorily effective and can provide reasonable assurance that the stand-alone financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2019 are accurate, reliable and in compliance with generally accepted accounting practices and all the relevant legal guidelines and policies.

**Mr. Viyavood Sincharoenkul**  
*Chairman and Managing Director*



# Independent Auditor's Report

## To the Shareholders of Sri Trang Agro-Industry Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Sri Trang Agro-Industry Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Sri Trang Agro-Industry Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sri Trang Agro-Industry Public Company Limited and its subsidiaries and of Sri Trang Agro-Industry Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matter

I draw attention to Note 1.2 a) to the financial statements regarding the accounting purpose, the amalgamation was considered to be a subsidiary

restructuring under common control. Thus, the consolidated financial statements were restated to reflect the substance as if the amalgamation was carried out on 16 August 2018, even though the legal form of the subsidiary was formed by the amalgamation on 1 April 2019. My opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

### Goodwill

As at 31 December 2019, the Group had goodwill amounting to Baht 3,175 million. I have focused on the consideration of the impairment of the goodwill because the assessment of impairment of goodwill is a significant accounting estimate requiring the management to exercise judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate.

I assessed the identified cash generating units by gaining an understanding of and testing the key assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the group of assets and the discount rate applied, making enquiry of responsible executives and comparing details with sources of information about the Group and the industry, and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. Moreover, I examined the disclosures made with respect to the impairment assessment for goodwill.

### Financial instruments

The Group has entered into financial instruments with numerous counterparties that are financial institutions, in order to mitigate its exposure to fluctuations in rubber prices, foreign exchange rates and interest rates. It has presented the fair value of such financial instruments in the statement of financial position, and recognises material gains or losses on financial instruments in profit or loss of the statement of comprehensive income. Management therefore relied on valuation techniques and models suggested by the counterparties, in which most of the inputs used were observable in the relevant market. Differences in the assumptions used in the calculation may therefore affect the fair value of such financial instruments presented in financial statements.

I gained an understanding of the transactions and the process of recording the fair value of financial instruments, and the accounting records related to financial instruments. Moreover, I recalculated the fair value of such financial instruments, sent confirmation requests to counterparties to determine the completeness of the recording of the transactions and verified supporting documents, on a sampling basis, for actual transactions occurring during the year. In addition, I tested the appropriateness of the fair values used by comparing them to available market inputs. Moreover, I examined the information disclosed in the notes to the financial statements for appropriateness and completeness.

### Other Information

Management is responsible for the other information. The other information comprise the information included

in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of



assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

**Supachai Phanyawattano**

*Certified Public Accountant (Thailand) No. 3930*

*EY Office Limited*

*Bangkok: 28 February 2020*



# SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2019





# STATEMENT OF FINANCIAL POSITION

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
			(Restated)		
Assets					
Current assets					
Cash and cash equivalents	7	2,381,822,723	4,259,163,167	190,156,195	381,814,522
Trade and other receivables	8	4,978,433,863	5,969,543,349	2,592,916,467	3,233,142,662
Amounts due from future brokers		729,665,751	976,274,751	30,384,003	31,299,805
Inventories	9	13,493,550,977	12,451,783,488	7,221,648,620	6,063,579,623
Current portion of long-term loans to subsidiaries	6	-	-	839,347,600	742,550,400
Derivative financial instruments	10	62,616,087	59,600,920	27,014,973	33,078,993
Other current assets		896,717,549	509,552,159	26,096,713	60,608,671
Total current assets		22,542,806,950	24,225,917,834	10,927,564,571	10,546,074,676
Non-current assets					
Fixed deposits pledged as collateral	11	701,500	27,427,758	-	-
Long-term loans to subsidiaries	6	-	-	599,534,000	1,775,664,000
Investments in subsidiaries	12	-	-	18,673,335,673	18,499,227,048
Investments in associates	13	499,600,353	394,919,332	157,568,800	157,568,800
Investment in joint venture	14	396,391,528	406,381,384	134,716,526	134,716,526
Long-term investments	15	109,898,445	136,498,052	109,726,337	136,182,449
Investment properties	16	190,331,553	201,527,752	75,663,125	75,663,125
Property, plant and equipment	17	27,801,517,575	26,381,941,743	8,530,038,383	9,093,221,983
Rubber and palm plantations	18	2,246,720,190	2,051,492,015	13,025,646	8,310,123
Intangible assets	19	385,901,094	425,916,589	356,550,652	395,579,708
Goodwill	20	3,174,667,132	3,174,667,132	-	-
Withholding tax deducted at source		660,045,134	701,722,319	462,202,209	457,692,522
Deferred tax assets	30	284,240,626	236,109,672	-	-
Other non-current assets		38,044,369	49,898,651	11,918,138	17,043,732
Total non-current assets		35,788,059,499	34,188,502,399	29,124,279,489	30,750,870,016
Total assets		58,330,866,449	58,414,420,233	40,051,844,060	41,296,944,692

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

# STATEMENT OF FINANCIAL POSITION (continued)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
			(Restated)		
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	21	2,528,644,697	2,676,957,627	987,831,101	1,417,779,403
Short-term borrowings from financial institutions	22	16,948,937,304	15,766,907,288	13,502,988,000	11,320,258,000
Current portions of:					
- Long-term borrowings from financial institutions	22	2,621,766,985	1,464,225,965	1,674,276,400	965,000,000
- Debentures	22	-	810,000,000	-	810,000,000
- Finance lease liabilities	22	20,727,960	20,693,350	3,496,674	3,785,801
Short-term loans from subsidiaries	6	-	-	160,000,000	300,000,000
Income tax payable		152,301,474	186,693,776	-	-
Derivative financial instruments	10	143,244,779	171,403,131	70,355,004	111,332,231
Other current liabilities		56,775,301	39,482,319	16,421,118	17,505,972
Total current liabilities		22,472,398,500	21,136,363,456	16,415,368,297	14,945,661,407
Non-current liabilities					
Non-current portions of:					
- Long-term borrowings from financial institutions	22	7,873,898,511	8,237,974,750	2,027,976,000	3,989,386,000
- Debentures	22	1,455,000,000	1,455,000,000	1,455,000,000	1,455,000,000
- Finance lease liabilities	22	16,320,705	29,039,974	3,190,780	5,755,749
Deferred tax liabilities	30	606,693,364	774,253,967	50,877,308	80,088,388
Provision for retirement benefit obligations	23	384,950,854	335,441,277	126,247,714	118,115,622
Other non-current liabilities		33,218,344	35,067,391	-	-
Total non-current liabilities		10,370,081,778	10,866,777,359	3,663,291,802	5,648,345,759
Total liabilities		32,842,480,278	32,003,140,815	20,078,660,099	20,594,007,166

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

# STATEMENT OF FINANCIAL POSITION (continued)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018
<b>Shareholders' equity</b>					
Share capital	24				
Registered					
1,535,999,998 ordinary shares of Baht 1 each		<u>1,535,999,998</u>	<u>1,535,999,998</u>	<u>1,535,999,998</u>	<u>1,535,999,998</u>
Issued and fully paid					
1,535,999,998 ordinary shares of Baht 1 each		1,535,999,998	1,535,999,998	1,535,999,998	1,535,999,998
Premium on ordinary shares		10,851,951,634	10,851,951,634	10,851,951,634	10,851,951,634
Surplus (deficit) from the change in the ownership interests in subsidiaries		288,463,490	(173,134,488)	-	-
Retained earnings					
Appropriated - statutory reserve	26	153,600,000	153,600,000	153,600,000	153,600,000
Unappropriated		8,413,145,159	9,019,096,813	5,429,641,988	6,092,271,684
Other components of shareholders' equity					
Surplus on revaluation of assets - net of income tax	25	3,964,398,998	4,102,659,313	1,994,351,161	2,057,910,140
Surplus on changes in value of available-for-sale investments - net of income tax		7,544,783	11,224,468	7,639,180	11,204,070
Exchange differences on translation of financial statements in foreign currency		<u>(1,096,075,583)</u>	<u>(796,207,126)</u>	-	-
Equity attributable to owners of the Company		24,119,028,479	24,705,190,612	19,973,183,961	20,702,937,526
Non-controlling interests of the subsidiaries		1,369,357,692	394,583,851	-	-
Former interests before restructuring of the subsidiary	1.2 a)	-	1,311,504,955	-	-
<b>Total shareholders' equity</b>		<u>25,488,386,171</u>	<u>26,411,279,418</u>	<u>19,973,183,961</u>	<u>20,702,937,526</u>
<b>Total liabilities and shareholders' equity</b>		<u>58,330,866,449</u>	<u>58,414,420,233</u>	<u>40,051,844,060</u>	<u>41,296,944,692</u>
		-	-	-	-

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



# STATEMENT OF COMPREHENSIVE INCOME

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Baht)				
Note	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018
<b>Profit or loss:</b>				
Revenues from sales of goods and services	60,286,372,366	73,135,935,119	32,645,630,698	41,127,898,853
Cost of sales and services	(55,431,991,295)	(65,974,563,647)	(30,374,277,996)	(37,597,759,009)
<b>Gross profit</b>	<b>4,854,381,071</b>	<b>7,161,371,472</b>	<b>2,271,352,702</b>	<b>3,530,139,844</b>
Other income	27 279,200,501	232,646,022	157,348,506	158,924,231
Dividend income	1,855,939	1,771,494	652,409,758	1,066,737,907
Selling and distribution expenses	(3,011,555,239)	(3,520,261,464)	(1,995,062,828)	(2,546,999,895)
Administrative expenses	(1,559,041,085)	(1,738,440,951)	(664,551,541)	(668,512,879)
Gain (loss) on exchange rates	568,951,625	(252,110,108)	286,679,664	(34,188,589)
Gain on change in fair value of investment properties	(2,366,652)	13,367,351	-	-
Loss from disposal of investments in a subsidiary	12.5 -	-	(179,231,169)	-
Other gain (loss)	28 (475,778,747)	1,189,918,496	(318,198,192)	534,053,027
<b>Operating profit (loss)</b>	<b>655,647,413</b>	<b>3,088,262,312</b>	<b>210,746,900</b>	<b>2,040,153,646</b>
Share of profit from investments in associates and joint venture	132,348,965	223,703,413	-	-
<b>Profit before finance income and finance cost and tax income (expense)</b>	<b>787,996,378</b>	<b>3,311,965,725</b>	<b>210,746,900</b>	<b>2,040,153,646</b>
Finance income	34,947,069	29,409,849	78,571,918	113,276,886
Finance cost	(890,589,762)	(935,172,918)	(454,751,073)	(533,211,699)
<b>Profit (loss) before tax income (expense)</b>	<b>(67,646,315)</b>	<b>2,406,202,656</b>	<b>(165,432,255)</b>	<b>1,620,218,833</b>
Tax income (expense)	30 15,574,213	(244,702,445)	33,904,880	52,920,664
<b>Profit (loss) for the year</b>	<b>(52,072,102)</b>	<b>2,161,500,211</b>	<b>(131,527,375)</b>	<b>1,673,139,497</b>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	(302,678,100)	(137,175,355)	-	-
Gain (loss) on change in value of available-for-sale investments - net of income tax	(3,679,685)	(5,208,440)	(3,564,890)	(4,638,429)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(306,357,785)	(142,383,795)	(3,564,890)	(4,638,429)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Changes in revaluation of assets - net of income tax	(1,621,914)	240,462,061	-	202,806,157
Actuarial gain (loss) - net of income tax	20,345,467	11,681,484	19,738,699	(12,591,646)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	18,723,553	252,143,545	19,738,699	190,214,511
<b>Other comprehensive income for the year</b>	<b>(287,634,232)</b>	<b>109,759,750</b>	<b>16,173,809</b>	<b>185,576,082</b>
<b>Total comprehensive income for the year</b>	<b>(339,706,334)</b>	<b>2,271,259,961</b>	<b>(115,353,566)</b>	<b>1,858,715,579</b>

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

# STATEMENT OF COMPREHENSIVE INCOME (continued)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		
<b>Profit (loss) attributable to:</b>				
Owners of the Company	(148,535,523)	2,064,357,820	<u>(131,527,375)</u>	<u>1,673,139,497</u>
Non-controlling interests of the subsidiaries	92,132,024	81,616,040		
Former interests before restructuring of the subsidiary	<u>4,331,397</u>	<u>15,526,351</u>		
	<u>(52,072,102)</u>	<u>2,161,500,211</u>		
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	(433,008,002)	2,181,163,220	<u>(115,353,566)</u>	<u>1,858,715,579</u>
Non-controlling interests of the subsidiaries	88,970,271	74,570,390		
Former interests before restructuring of the subsidiary	<u>4,331,397</u>	<u>15,526,351</u>		
	<u>(339,706,334)</u>	<u>2,271,259,961</u>		
<b>Earnings per share</b>	32			
Basic earnings per share				
Profit (loss) attributable to owners of the Company	<u>(0.10)</u>	<u>1.34</u>	<u>(0.09)</u>	<u>1.09</u>

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







# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Baht)

	Consolidated financial statements												
	Equity attributable to owners of the Company												
	Other components of shareholders' equity												
	Other comprehensive income												
	Issued and paid-up share capital	Premium on ordinary shares	Surplus (deficit) from the change in the ownership interests in subsidiaries	Retained earnings	Surplus on revaluation of assets - net of income tax	Surplus on changes in value of available-for-sale investments - net of income tax	Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Former interests before restructuring of the subsidiary	Total shareholders' equity	
				Appropriated - statutory reserve	Unappropriated								
<b>Balance as at 1 January 2018</b>	1,535,999,998	10,851,951,634	(173,134,488)	128,000,000	7,165,408,573	4,049,446,188	16,432,908	(666,077,422)	3,399,801,674	22,908,027,391	368,864,048	-	23,276,891,439
Profit for the year (restated)	-	-	-	-	2,064,357,820	-	-	-	-	2,064,357,820	81,616,040	15,526,351	2,161,500,211
Other comprehensive income for the year	-	-	-	-	11,681,484	240,462,061	(5,208,440)	(130,129,704)	105,123,917	116,805,401	(7,045,650)	-	109,759,751
Total comprehensive income for the year (restated)	-	-	-	-	2,076,039,304	240,462,061	(5,208,440)	(130,129,704)	105,123,917	2,181,163,221	74,570,390	15,526,351	2,271,259,962
Amortisation on assets revaluation	-	-	-	-	187,248,936	(187,248,936)	-	-	(187,248,936)	-	-	-	-
Dividend paid (Note 35)	-	-	-	-	(384,000,000)	-	-	-	-	(384,000,000)	-	-	(384,000,000)
Business acquisition before restructuring (Note 1.2 a))	-	-	-	-	-	-	-	-	-	-	-	1,295,978,604	1,295,978,604
Dividend paid by the subsidiaries	-	-	-	-	-	-	-	-	-	-	(48,850,587)	-	(48,850,587)
Transferred unappropriated retained earnings to statutory reserve	-	-	-	25,600,000	(25,600,000)	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2018 (restated)</b>	1,535,999,998	10,851,951,634	(173,134,488)	153,600,000	9,019,096,813	4,102,659,313	11,224,468	(796,207,126)	3,317,676,655	24,705,190,612	394,583,851	1,311,504,955	26,411,279,418

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

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Baht)

	Consolidated financial statements											
	Equity attributable to owners of the Company											
	Other components of shareholders' equity											
	Other comprehensive income											
			Surplus (deficit) from the change in the ownership interests in subsidiaries	Retained earnings	Surplus on revaluation of assets - net of income tax	Surplus on changes in value of available-for-sale investments - net of income tax	Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Former interests before restructuring of the subsidiary	Total shareholders' equity
<b>Balance as at 1 January 2019 - as previously reported</b>	1,535,999,998	10,851,951,634	(173,134,488)	153,600,000	9,019,096,813	4,102,659,313	11,224,468	(796,207,126)	24,705,190,612	394,583,851	-	25,099,774,463
Effect of restructuring of the subsidiary (Note 1.2 a))	-	-	-	-	-	-	-	-	-	-	1,311,504,955	1,311,504,955
<b>Balance as at 1 January 2019 - as restated</b>	1,535,999,998	10,851,951,634	(173,134,488)	153,600,000	9,019,096,813	4,102,659,313	11,224,468	(796,207,126)	24,705,190,612	394,583,851	1,311,504,955	26,411,279,418
Profit (loss) for the year	-	-	-	-	(148,535,523)	-	-	-	(148,535,523)	92,132,024	4,331,397	(52,072,102)
Other comprehensive income for the year	-	-	-	-	20,345,467	(1,621,914)	(3,679,685)	(299,516,346)	(284,472,478)	(3,161,753)	-	(287,634,231)
Total comprehensive income for the year	-	-	-	-	(128,190,056)	(1,621,914)	(3,679,685)	(299,516,346)	(433,008,001)	88,970,271	4,331,397	(339,706,333)
Amortisation on assets revaluation	-	-	-	-	136,638,401	(136,638,401)	-	-	(614,399,999)	-	-	(614,399,999)
Dividend paid (Note 35)	-	-	-	-	(614,399,999)	-	-	-	-	-	-	-
Dividend paid by the subsidiaries	-	-	-	-	-	-	-	-	-	(3,190)	-	(3,190)
Effect of restructuring of the subsidiary (Note 1.2 a))	-	-	-	-	-	-	-	-	461,245,867	854,590,485	(1,315,836,352)	-
Purchase of investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
under common control (Note 1.2 b), c))	-	-	352,111	-	-	-	(352,111)	(352,111)	-	-	-	-
Increase in share capital of the subsidiary (Note 1.2.2)	-	-	-	-	-	-	-	-	-	31,216,275	-	31,216,275
<b>Balance as at 31 December 2019</b>	1,535,999,998	10,851,951,634	288,463,490	153,600,000	8,413,145,159	3,964,398,998	7,544,783	(1,096,075,683)	24,119,028,479	1,369,357,692	-	25,488,386,171

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





# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Baht)

	Separate financial statements									
	Other components of shareholders' equity									
	Other comprehensive income									
	Surplus on changes									
	Issued and paid-up share capital	Premium on ordinary shares	Appropriated - statutory reserve	Retained earnings	Surplus on revaluation of assets - net of income tax	in value of available-for-sale investments	Total other components of shareholders' equity	Total shareholders' equity		
				Unappropriated	income tax	- net of income tax	equity	equity		
<b>Balance as at 1 January 2018</b>	1,535,999,998	10,851,951,634	128,000,000	4,751,554,758	1,944,873,058	15,842,499	1,960,715,557	19,228,221,947		
Profit for the year	-	-	-	1,673,139,497	-	-	-	1,673,139,497		
Other comprehensive income for the year	-	-	-	(12,591,646)	202,806,157	(4,638,429)	198,167,728	185,576,082		
Total comprehensive income for the year	-	-	-	1,660,547,851	202,806,157	(4,638,429)	198,167,728	1,858,715,579		
Amortisation on assets revaluation	-	-	-	89,769,075	(89,769,075)	-	(89,769,075)	-		
Dividend paid (Note 35)	-	-	-	(384,000,000)	-	-	-	(384,000,000)		
Transferred unappropriated retained earnings to statutory reserve	-	-	25,600,000	(25,600,000)	-	-	-	-		
<b>Balance as at 31 December 2018</b>	1,535,999,998	10,851,951,634	153,600,000	6,092,271,684	2,057,910,140	11,204,070	2,069,114,210	20,702,937,526		
<b>Balance as at 1 January 2019</b>	1,535,999,998	10,851,951,634	153,600,000	6,092,271,684	2,057,910,140	11,204,070	2,069,114,210	20,702,937,526		
Profit for the year	-	-	-	(131,527,375)	-	-	-	(131,527,375)		
Other comprehensive income for the year	-	-	-	19,738,999	-	(3,564,890)	(3,564,890)	16,173,809		
Total comprehensive income for the year	-	-	-	(111,788,676)	-	(3,564,890)	(3,564,890)	(115,353,566)		
Amortisation on assets revaluation	-	-	-	63,558,979	(63,558,979)	-	(63,558,979)	-		
Dividend paid (Note 35)	-	-	-	(614,399,999)	-	-	-	(614,399,999)		
<b>Balance as at 31 December 2019</b>	1,535,999,998	10,851,951,634	153,600,000	5,429,641,988	1,994,351,161	7,639,180	2,001,990,341	19,973,183,961		

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

# CASH FLOW STATEMENT

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax	(67,646,315)	2,406,202,656	(165,432,255)	1,620,218,833
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Unrealised loss (gain) on exchange rates	(128,250,642)	39,840,692	(10,998,134)	51,619,415
Unrealised loss (gain) on revaluation of derivative financial instruments	(31,173,519)	288,498,140	(34,913,207)	136,643,248
Reversal of allowance for doubtful account	(8,324,705)	(7,614,187)	-	(5,784,853)
Reversal of inventory cost to net realisable value	(133,379,310)	(173,681,704)	(74,061,551)	(160,654,815)
Expenses for retirement benefit obligations	111,695,156	47,463,373	42,492,645	11,392,018
Depreciation	2,405,643,654	2,369,568,588	832,262,806	836,196,669
Amortisation - rubber and palm plantations	6,440,800	4,000,214	426,803	281,189
Amortisation - intangible assets	74,193,925	72,235,305	60,741,704	58,436,839
Impairment loss from assets revaluation (reversal)	-	13,208,270	-	(175,950)
Impairment loss on long-term investments	22,000,000	10,000,000	22,000,000	10,000,000
Write-off withholding tax deducted at source	42,615,112	516,187	42,615,112	516,187
Finance cost	890,589,762	935,172,918	454,751,073	533,211,699
Finance income	(34,947,069)	(29,409,849)	(78,571,918)	(113,276,886)
Loss from disposal of investments in a subsidiary	-	-	179,231,169	-
Dividend income	(1,855,939)	(1,771,494)	(652,409,758)	(1,066,737,907)
Share of profit from investments in associates and a joint venture	(132,348,965)	(223,703,413)	-	-
Loss on disposal and write-off of machinery, equipment and intangible assets	25,689,317	12,876,030	6,330,863	4,066,295
Loss (gain) on change in fair value of investment properties	<u>2,366,652</u>	<u>(13,367,351)</u>	<u>-</u>	<u>-</u>
Profit (loss) from operating activities before changes in operating assets and liabilities	3,043,307,914	5,750,034,375	624,465,352	1,915,951,981
Operating assets (increase) decrease				
Trade and other receivables	1,019,572,306	1,500,004,477	650,439,700	870,441,298
Amounts due from future brokers	246,609,000	(165,735,100)	915,802	(15,122,617)
Inventories	(908,388,179)	4,997,620,371	(1,084,007,446)	1,776,807,578
Other current assets	(388,007,820)	59,218,011	34,511,959	109,964,633
Other non-current assets	11,199,461	16,063,185	4,470,774	3,577,623
Operating liabilities increase (decrease)				
Trade and other payables	(262,245,097)	84,446,264	(425,205,543)	(281,743,885)
Other current liabilities	17,292,982	(101,084,421)	(1,084,854)	(638,684)
Provision for retirement benefit obligations	<u>(37,164,793)</u>	<u>(4,636,768)</u>	<u>(2,421,060)</u>	<u>(2,062,400)</u>
Cash flows provided by operating activities	2,742,175,774	12,135,930,394	(197,915,316)	4,377,175,527
Cash paid for interest expenses	(947,877,998)	(952,720,320)	(458,987,321)	(537,971,014)
Cash received for interest income	35,953,184	39,651,016	81,615,120	131,137,292
Cash paid for income tax	(380,309,019)	(574,666,743)	(64,347,895)	(78,773,040)
Cash received from income tax	<u>126,024,746</u>	<u>73,908,415</u>	<u>17,873,443</u>	<u>71,753,763</u>
<b>Net cash flows provided by operating activities</b>	<u>1,575,966,687</u>	<u>10,722,102,762</u>	<u>(621,761,969)</u>	<u>3,963,322,528</u>

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

# CASH FLOW STATEMENT (continued)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u>
<b>Cash flows from investing activities</b>				
Decrease in fixed deposits pledged as collateral	26,726,258	9,711,244	-	-
Dividends received	39,513,739	154,176,494	652,409,758	1,066,737,907
Cash received from repayment of long-term loan to a subsidiary	-	-	968,544,000	883,600,000
Increase in long-term loan to a subsidiary	-	-	-	(893,203,600)
Cash paid for investment in a subsidiary	-	-	(353,339,825)	(345,838,500)
Cash received from disposal of investments in a subsidiary	-	-	31	-
Cash received from disposal of machinery and equipment	15,507,402	50,153,403	3,231,450	5,905,425
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets	(4,003,668,056)	(2,964,408,895)	(312,789,562)	(767,045,545)
Cash received from business acquisition before restructuring	-	240,165,452	-	-
<b>Net cash flows from (used in) investing activities</b>	<u>(3,921,920,657)</u>	<u>(2,510,202,302)</u>	<u>958,055,852</u>	<u>(49,844,313)</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term borrowings from financial institutions	1,293,115,341	(5,767,561,067)	2,182,730,000	(3,434,271,000)
Increase in short-term loan from a subsidiary	-	-	160,000,000	600,000,000
Repayment of short-term loan from a subsidiary	-	-	(300,000,000)	(300,000,000)
Proceeds from long-term borrowings	3,068,000,000	2,279,400,000	-	629,400,000
Repayments of long-term borrowings	(2,162,525,600)	(1,487,965,649)	(1,142,525,600)	(300,000,000)
Repayments of debentures	(810,000,000)	(600,000,000)	(810,000,000)	(600,000,000)
Repayments of finance lease liabilities	(21,469,756)	(11,144,692)	(3,788,275)	(4,092,253)
Dividend paid	(614,368,335)	(391,719,308)	(614,368,335)	(391,719,308)
Dividend paid by the subsidiaries	(3,190)	(48,850,588)	-	-
Cash received from increase in share capital of the subsidiary	31,216,275	-	-	-
<b>Net cash flows provided by (used in) financing activities</b>	<u>783,964,735</u>	<u>(6,027,841,304)</u>	<u>(527,952,210)</u>	<u>(3,800,682,561)</u>
<b>Decrease in translation adjustments</b>	<u>(315,351,209)</u>	<u>(166,795,662)</u>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(1,877,340,444)</u>	<u>2,017,263,494</u>	<u>(191,658,327)</u>	<u>112,795,654</u>
Cash and cash equivalents at beginning of the year	<u>4,259,163,167</u>	<u>2,241,899,673</u>	<u>381,814,522</u>	<u>269,018,868</u>
<b>Cash and cash equivalents at end of the year</b>	<u><u>2,381,822,723</u></u>	<u><u>4,259,163,167</u></u>	<u><u>190,156,195</u></u>	<u><u>381,814,522</u></u>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash transactions:				
Increase in payables from purchases of assets	89,526,109	-	-	-
Increase in retention	23,169,751	-	-	-
Purchases of assets by entering into financial lease agreements	9,794,526	-	1,589,000	-

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
As at 31 December 2019

### 1. General information

#### 1.1 Company information

Sri Trang Agro-Industry Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of natural rubber products such as ribbed smoked sheets, concentrated latex, block rubber, gloves and other products. In addition, the Group provides engineering and logistics services. The registered office of the Company is at 10 Soi 10, Phetkasem Road, Hat Yai, Songkhla, Thailand.

#### 1.2 The restructuring of the subsidiary

a) As described in Note 12.2 to the financial statements, the restructuring of the subsidiary. On 1 April 2019, Sri Trang Gloves (Thailand) Public Company Limited ("STGT") was established as the result of the amalgamation in accordance with the Public Limited Companies Act B.E. 2535. The amalgamating companies were as follows:

- 1) Sri Trang Gloves (Thailand) Company Limited ("Sri Trang Gloves")
- 2) Thaikong Public Company Limited ("TK")

As a result of the amalgamation, all of their assets, liabilities, rights, duties and responsibilities were transferred to STGT by law. Therefore, as at 1 April 2019, the registered, issued and fully paid-up capital of STGT was Baht 825 million (8,250,000 ordinary shares with a par value Baht 100 per share).

After the amalgamation, the Company and Rubberland Products Company Limited collectively hold 81.08 percent of all shares of STGT (73.24 percent held by the Company).

Even though the legal form of STGT was registered and formed by the amalgamation on 1 April 2019, since Dr. Viyavood Sincharoenkul ("Dr. Viyavood"), who is the major shareholder and Director of the Company, has invested in TK through the acquisition of shares held by Thaikong Group Co., Ltd. since 16 August 2018. For the accounting purpose after the amalgamation, the Group adopts Thai Accounting Guidance for business combination under common control to apply for the consolidated financial statements which are accounted for by using similar to pooling of interests method. Thus, the consolidated financial statements were restated to reflect the substance as if Dr. Viyavood had invested in TK by applying purchase method, and the amalgamation of TK and Sri Trang Gloves was carried out on 16 August 2018.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
As at 31 December 2019

As at 1 April 2019 and 16 August 2018, the fair value of net assets acquired with purchase method and the effect on the consolidated financial statements were as follows.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	1 April 2019	16 August 2018
<b>Assets</b>		
Cash and cash equivalents	167,989	240,165
Trade and other receivables	345,719	489,037
Inventories	146,704	152,743
Other current assets	26,941	14,549
Fixed deposits pledged as collateral	25,284	25,000
Property, plant and equipment	2,383,034	1,807,536
Intangible assets	5,982	7,166
Goodwill	220,885	220,885
<b>Liabilities</b>		
Short-term borrowings from financial institutions	(105,950)	(92,711)
Trade and other payables	(223,296)	(219,168)
Income tax payable	(25,529)	-
Derivative financial instruments	(12,991)	-
Other current liabilities	(14,554)	(104,220)
Long-term borrowings from financial institutions	(1,544,180)	(1,147,459)
Finance lease liabilities	(13,093)	(9,235)
Deferred tax liabilities	(60,259)	(87,653)
Provision for retirement benefit obligations	(6,850)	(656)
<b>Total net assets acquired</b>	<b>1,315,836</b>	<b>1,295,979</b>
<b>Less: Increase in non-controlling interests of the subsidiary</b>	<b>(854,590)</b>	
<b>Surplus from the change in the ownership interests in subsidiary</b>	<b>461,246</b>	

The Group recorded the effect of the restructuring of STGT of Baht 461 million under the caption of "Surplus from the change in the ownership interests in subsidiaries" in the shareholder's equity of the consolidated financial statements for the year ended 31 December 2019.

The consolidated statement of financial position as at 31 December 2018, the related consolidated statements of comprehensive income, and the related consolidated statements of cash flows for the year then ended were adjusted to reflect the above transactions. The amounts of the adjustments affecting the restated consolidated financial statements are summarised below:

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Thousand Baht)

### Consolidated statement of financial position

As at 31 December 2018

		Eliminate transactions in the consolidated financial statements	Total Adjustments affecting the restated consolidated financial statements increase (decrease)
	Effect from the amalgamation		
Cash and cash equivalents	61,863	-	61,863
Trade and other receivables	350,256	(72,726)	277,530
Inventories	140,363	-	140,363
Other current assets	9,273	-	9,273
Fixed deposits pledged as collateral	25,284	-	25,284
Property, plant and equipment	1,925,888	-	1,925,888
Intangible assets	5,229	-	5,229
Goodwill	220,885	-	220,885
<b>Total assets</b>	<b>2,739,041</b>	<b>(72,726)</b>	<b>2,666,315</b>
Short-term borrowings from financial institutions	150,521	-	150,521
Trade and other payables	75,644	(72,726)	2,918
Current portions of:			
- Long-term borrowings from financial institutions	204,226	-	204,226
- Finance lease liabilities	4,445	-	4,445
Other current liabilities	2,275	-	2,275
Non-current portions of:			
- Long-term borrowings from financial institutions	893,589	-	893,589
- Finance lease liabilities	3,891	-	3,891
Deferred tax liabilities	86,519	-	86,519
Provision for retirement benefit obligations	6,426	-	6,426
<b>Total liabilities</b>	<b>1,427,536</b>	<b>(72,726)</b>	<b>1,354,810</b>
Former interests before restructuring of the subsidiary	1,311,505	-	1,311,505
<b>Total shareholders' equity</b>	<b>1,311,505</b>	<b>-</b>	<b>1,311,505</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,739,041</b>	<b>(72,726)</b>	<b>2,666,315</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
As at 31 December 2019

(Unit: Thousand Baht)

### Consolidated statement of comprehensive income

For the year ended 31 December 2018

	Effect from the amalgamation	Effect from elimination of transactions in the consolidated financial statements	Total adjustments affecting the restated consolidated financial statements increase (decrease)
Revenues from sales of goods	540,567	(897,433)	(356,866)
Gross profit	59,114	8,153	67,267
Tax expense	3,714	-	3,714
<b>Profit for period</b>	<b>15,526</b>	<b>-</b>	<b>15,526</b>
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income for the period</b>	<b>15,526</b>	<b>-</b>	<b>15,526</b>

### Profit attributable to:

Former interests before restructuring  
of the subsidiary

15,526 - 15,526

### Total comprehensive income attributable to:

Former interests before restructuring  
of the subsidiary

15,526 - 15,526

(Unit: Thousand Baht)

### Consolidated statement of cash flows

For the year ended 31 December 2018

	Effect from the amalgamation	Effect from elimination of transactions in the consolidated financial statements	Total adjustments affecting the restated consolidated financial statements increase (decrease)
Net cash flows used in operating activities	(6,207)	-	(6,207)
Net cash flows provided by investing activities	61,159	-	61,159
Net cash flows provided by financing activities	6,911	-	6,911
<b>Net increase in cash and cash equivalents</b>	<b>61,863</b>	<b>-</b>	<b>61,863</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
As at 31 December 2019

- b) On 28 June 2019, STGT acquired ordinary shares of Shi Dong Shanghai Medical Equipment Co., Ltd. ("SDME") with 100 percent of shareholding from Startex Rubber Co., Ltd. ("STC"), the Company's subsidiary, at a price of Baht 163 million. This acquisition of SDME is under common control of the Company before and after the acquisition of investment. Following the acquisition, the shareholding of the Group in SDME was changed from 100 percent to 81.08 percent (calculation the shareholding through STGT).

The Group recorded the effect of the change in shareholding of SDME, amounting to Baht 2 million, under the caption of "Deficit from the change in the ownership interests in subsidiaries" in shareholders' equity in the consolidated financial statements for the year ended 31 December 2019.

- c) On 30 September 2019, STGT acquired ordinary shares of Sri Trang USA, Inc. ("STU") with 100 percent of shareholding from the Company, at a price of USD 1, or approximately Baht 31. This acquisition of STU is under common control of the Company before and after the acquisition of investment. Following the acquisition, the shareholding of the Group in STU was changed from 100 percent to 81.08 percent (calculation the shareholding through STGT).

The Group recorded the effect of the change in shareholding of STU, amounting to Baht 3 million, under the caption of "Surplus from the change in the ownership interests in subsidiaries" in shareholders' equity in the consolidated financial statements for the year ended 31 December 2019.

### 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 11 October 2016, 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 Sri Trang Agro-Industry Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):



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Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2019</u>	<u>2018</u>
			(%)	(%)
<b><u>Subsidiaries directly owned by the Company</u></b>				
PT Sri Trang Lingga Indonesia	Manufacture of block rubber products	Indonesia	90.00	90.00
Anvar Parawood Co., Ltd.	Manufacture of parawood	Thailand	99.94	99.94
Rubberland Products Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Namhwa Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Sadao P.S. Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Startex Rubber Co., Ltd.	Investment holding	Thailand	99.99	99.99
Premier System Engineering Co., Ltd.	Providing engineering services	Thailand	99.99	99.99
Starlight Express Transport Co., Ltd.	Providing of logistics services	Thailand	99.99	99.99
Sri Trang Rubber & Plantation Co., Ltd.	Rubber plantation	Thailand	99.99	99.99
Shi Dong Shanghai Rubber Co., Ltd.	Distribution of rubber products	China	100.00	100.00
Sri Trang Gloves (Thailand) Co., Ltd. (Note 1.2 a))	Manufacture of medical gloves	Thailand	-	90.23
Sri Trang Gloves (Thailand) Plc. (Note 1.2 a))	Manufacture of medical gloves	Thailand	81.08	-
Sri Trang IBC Co., Ltd.	Providing of IT Services	Thailand		
(incorporation of a subsidiary during the current year)			99.99	-
<b><u>Subsidiaries indirectly owned by the Company</u></b>				
<b>Held by Startex Rubber Co., Ltd.</b>				
Sri Trang International Pte Ltd.	Distribution of rubber products	Singapore	99.99	99.99
<b>Held by Sri Trang International Pte Ltd.</b>				
Shi Dong Investments Pte Ltd.	Investment holding	Singapore	99.99	99.99
Sri Trang Indochina (Vietnam) Co., Ltd.	Distribution of rubber products	Vietnam	99.99	99.99
Sri Trang Ayeyar Rubber Industry Co., Ltd.	Manufacture of block rubber products	Myanmar	58.99	58.99
<b>Held by Shi Dong Investments Pte Ltd.</b>				
PT Star Rubber	Manufacture of block rubber products	Indonesia	98.99	98.99
<b>Held by Sri Trang Gloves (Thailand) Plc.</b>				
Shidong Shanghai Medical Equipment Co., Ltd. (2018: 99.99% held by Startex Rubber Co., Ltd.)	Distribution of gloves	China	81.08	-
Sri Trang USA, Inc. (2018: 100% held by the Company)	Distribution of gloves	USA	81.08	-



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For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

- b) The Company is deemed to have control over an investee or subsidiaries 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.
  - c) 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.
  - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) 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.
  - f) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
  - g) Non-controlling interests 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.
  - h) Former interests before restructuring of the subsidiary represent the portion of profit or loss and net assets of former shareholders before the restructuring and are presented separately in consolidated profit or loss and within equity in the consolidated statement of financial position.
  - i) A change in the ownership interest of subsidiaries of the Group, without a loss of control, are recorded as “Surplus (deficit) from the changes in the ownership interests in subsidiaries” in shareholders’ equity.
- 2.3 The separate financial statements present investments in subsidiaries, a joint venture and associates under the cost method net of allowance for impairment loss (if any).

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### 3. New financial reporting standards

#### (a) Financial reporting standards that became effective in the current year

During the year, the Group adopted the revised (revised 2018) financial reporting standards and interpretations which were effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards did not have any significant impact on the Group's financial statements. However, the new standard involved changes to key principles, which were summarised below:

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statement.

#### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve change to key principles, which are summarised below.

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### Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group expects the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies - The Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Group elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

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### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when they are adopted.

### **4. Significant accounting policies**

#### **4.1 Revenue recognition**

The Group recognises revenue when the revenue and related costs can be reliably measured; it is probable that future economic benefits will flow to the entity, which relates to these transactions as follows.

##### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, and discounts.

##### *Rendering of services*

Service revenue is recognised over time when services have been rendered taking into account the stage of completion, measuring based on information provided by the Group's engineers or project managers

The recognised revenue which is not yet due per the contracts has been presented under caption of "Unbilled receivables" in the statement of financial position. The amounts recognised as unbilled receivables are reclassified to trade receivables when the Group's right to consideration is unconditional such as upon completion of services and acceptance by the customer.





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The obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer is presented under the caption of “Advance received from customers” in the statement of financial position. Advance received from customers are recognised as revenue when the Group perform under the contract.

### *Interest income*

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

### *Dividends*

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

### *Rental income*

Rental income is recognised on an accrual basis based on a straight-line basis over the lease term.

## **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and cash 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**

Inventories are valued at the lower of cost or net realisable value. Cost is determined by weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, or rebates.

The cost of finished goods and work in process are measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads based on the normal operating capacity, but excluding borrowing costs. Raw materials, chemicals, spare parts and factory supplies are charged to production costs whenever consumed.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Allowance is made for obsolete, slow-moving and defective inventories.

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### 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 Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in a joint venture and associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries, a joint venture and associates in the separate financial statements are stated at cost net of allowance for impairment loss (if any).

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 their net asset value.

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

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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 fair value estimated by an independent appraiser. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

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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 year when the asset is derecognised.

When there is a change in the use of investment property, if the investment property recorded at fair value is transferred to owner-occupied property or inventory, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property recorded at fair value, any difference between the carrying amount of the property and its fair value at the date of the change in use is treated in the same manner as a revaluation, in accordance with the stated accounting policy for property, plant and equipment.

### 4.7 Property, plant and equipment and depreciation

Land is stated at revalued amount. Building and equipment are stated at revolved amount or cost less accumulated depreciation and allowance for loss on impairment of asset (if any).

Such subsequent cost may include the cost of replacing part of the buildings and equipment, only when it is probable that future economic benefits are expected from its use will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Surplus on revaluation of assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

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The surplus is amortised to retained earning on a straight-line basis over the remaining lives of the related assets, and can neither be offset against deficit nor used for dividend payment.

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

Land improvements	-	5 - 43 years
Buildings and structures	-	5 - 50 years
Machinery and equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	3 - 10 years
Motor vehicles	-	5 years

Depreciation is included in profit or loss.

No depreciation is provided on land and assets under construction and installation.

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.

The residual values and useful lives of assets are reviewed at each reporting period, and adjusted if appropriate.

### 4.8 Rubber and palm plantations

Bearer plants, which consist of rubber trees for extraction of latex and oil palm trees in the plantations, are stated at cost less accumulated amortisation and allowance for impairment loss (if any).

Costs mainly comprise costs of land clearing, land terracing and drainage, planting, weeding and fertilizing, which are incurred from the immature period until the rubber trees and palms trees are ready for commercial harvesting at approximately 7 years for rubbers and 2 - 3 years for palms, and are capitalized as rubber and palm plantation costs. The Group amortises these costs to costs of production after the rubber and palm are commercially harvested, using a straight-line basis, over a period of 25 years.

Amortisation is recognised as expenses in profit or loss.

No amortisation is provided on immature rubber and palm plantation costs.

Biological assets consist of latex produced inside the rubber trees and palm fruit on trees, and are measured at their fair value less costs to sell harvested from the Group's biological assets.

Agricultural produce is rubber latex and harvested palm fruit which are measured at their fair value less costs to sell at the point of harvest.

Gains or losses on changes in fair value of biological assets and agricultural produce are recognised in profit or loss.



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### 4.9 Borrowings and borrowing costs

Borrowings comprising borrowings from financial institutions and debentures are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost based on the effective interest rate; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of borrowings facilities are recognised as transaction costs of the borrowings to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

### 4.10 Intangible assets - Computer software

Intangible assets - Computer software is recognised at cost. Following the initial recognition, the Intangible assets - Computer software is carried at cost less accumulated amortisation and accumulated allowance for impairment loss (if any).

Intangible assets - Computer software with finite useful lives of 3-10 years is amortised on a systematic basis over the economic useful lives and tested for impairment whenever there is an indication that the Intangible assets - Computer software may be impaired. The amortisation period and the amortisation method of such Intangible assets - Computer software are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

No amortisation is provided on computer software under installation.

### 4.11 Business combinations and goodwill

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.



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For each business combination, the Group measures the recognised amount of any non-controlling interest in the acquiree at either the fair value or the non-controlling interest's proportionate share of the net of identifiable assets of the acquiree.

In the case of a business combination achieved in stages, the Group measures the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and recognised gains or losses in profit or loss.

Costs related to the acquisition are recognised as expenses when incurred.

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. 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 Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) 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.

### ***Business combinations under common control***

Business combinations under common control are accounted for using the pooling of interests method, with the cost of the business combinations under common control being the fair value, at the date of exchange, of the consideration transferred to obtain control. The assets and liabilities of the entities pooled are recognised based on their book values, in proportion to the interests previously under common control.

Differences between the cost of the business combination under common control and the acquirer's proportionate interests in the book value of the pooled entities are directly recognised in shareholders' equity (and if the pooled entities have profit or loss transactions directly recognised in the shareholders' equity, the financial statements after business combination present the transaction as if the business combination occurred at the earliest reporting date). The remaining difference between the cost of the business combination under common control and the acquirer's proportionate interest in the book value the pooled entities, after recognising the profit or loss transactions directly in shareholders' equity, is presented as "Surplus (deficit) on business combination under common control" in shareholders' equity.



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Costs relating to business combinations under common control are accounted for as expenses in the period in which the business combination occurred.

### 4.12 Related party transactions

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

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

### 4.13 Long-term leases - where the Group is the lessee

Leases of property, plant or 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 assets acquired under finance leases is depreciated over the shorter of the useful life of the asset 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.

### 4.14 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.

Gain and loss on exchange are included in profit or loss.

### 4.15 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group 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.

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An impairment loss is recognised in profit or loss. However in cases where property and plant was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

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 Group estimate the asset's recoverable amount. A previously recognised impairment loss is reversed. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, a reversal of that impairment loss is recognised in profit or loss but shall not exceed the impairment loss was previously recognised in profit or loss, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

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

##### *Defined benefit plans*

The Group have obligations in respect of the severance payments it must make to employees upon retirement under labor law of each country. The Group treats 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 other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the entity recognises restructuring-related costs.



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### 4.17 Provisions

Provisions are recognised when the Group has 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.

### 4.18 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.

#### 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 Group recognises deferred tax liabilities for all taxable temporary differences while it recognises 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 Group reviews 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### 4.19 Derivatives

Derivative financial instruments comprise cross currency swaps, interest rate swap, foreign exchange options, forward foreign exchange contracts, rubber options, rubber futures and physical forward contracts.

The Group does not apply hedge accounting for derivatives.

The Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

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### 4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows.

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

### 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.





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### **Property, plant and equipment**

The Group measures land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the income approach for buildings. The valuation involves certain assumptions and estimations.

In addition, the management is required to review property, plant and equipment 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.

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### 6. Related party transactions

During the year, the Group 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 Group and those related parties.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
		(Restated)		
<u>Transactions with subsidiaries<sup>1</sup></u>				
Sales of goods	-	-	5,454,269	5,484,702
Purchases of goods	-	-	3,414,095	4,586,699
Service income	-	-	167,436	159,677
Dividend income	-	-	614,330	930,499
Rental income	-	-	244	251
Interest income	-	-	75,777	112,610
Service expenses	-	-	501,941	628,500
Rental expenses	-	-	4,869	4,458
Interest expenses	-	-	1,633	1,790
<u>Transactions with associates</u>				
Sales of goods	19,798	25,422	-	-
Purchases of goods	164	198	37	15
Service income	30,813	34,690	8,263	9,636
Dividend income	12,155	152,405	10,725	134,475
Rental income	400	400	-	-
Service expenses	34	9	-	-
<u>Transactions with a joint venture</u>				
Purchases of goods	1,648,734	2,112,983	-	64,008
Service income	14,386	10,731	14,361	10,710
Dividend income	25,503	-	25,503	-

<sup>1</sup> Transaction with subsidiaries in 2018 included transaction between the Group and TK as from 16 August 2018 to 31 December 2018

The pricing policies of the Group are as follows.

- (1) Sales/purchases of goods are made at market prices or reference to market prices
- (2) Service and rental income/expenses are based on contract prices
- (3) Dividend income is made with announced payment rate
- (4) Interest income/expenses are charged at rates with reference to loan agreements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### Outstanding balances arising from sales/purchases of goods/services and other income

As at 31 December 2019 and 2018, the balances of the accounts between the Group and those related parties were as follows.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
	(Restated)			
<b>Trade accounts receivable</b> (Note 8)				
Subsidiaries <sup>2</sup>	-	-	376,906	962,370
Associates	1,919	3,796	133	784
Joint venture	1	-	-	-
	<u>1,920</u>	<u>3,796</u>	<u>377,039</u>	<u>963,154</u>
<b>Advance payments for goods</b> (Note 8)				
Subsidiaries <sup>2</sup>	-	-	26,899	45,375
<b>Other receivables</b> (Note 8)				
Subsidiaries <sup>2</sup>	-	-	16,150	18,546
Associates	2,334	1,291	-	2
Joint venture	44	818	44	818
	<u>2,378</u>	<u>2,109</u>	<u>16,194</u>	<u>19,366</u>
<b>Trade accounts payable</b> (Note 21)				
Subsidiaries <sup>2</sup>	-	-	215,530	383,080
Associates	21	-	21	-
Joint venture	7,694	17,917	-	-
	<u>7,715</u>	<u>17,917</u>	<u>215,551</u>	<u>383,080</u>
<b>Accrued expenses</b> (Note 21)				
Subsidiaries <sup>2</sup>	-	-	10,937	35,890
<b>Other payables</b> (Note 21)				
Subsidiaries <sup>2</sup>	-	-	4,064	17,892

<sup>2</sup> Outstanding balance with subsidiaries as at 31 December 2018 included outstanding balance of a Group and TK.

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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### Outstanding balances arising from loans to subsidiaries

As at 31 December 2019 and 2018, the balances of loans between the Company and subsidiaries were as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>Interest receivables</u></b> (Note 8)				
Subsidiaries	-	-	367	2,621
<b><u>Long-term loans</u></b>				
Subsidiaries	-	-	1,438,882	2,518,214

As at 31 December 2019 and 2018, long-term loans to subsidiaries were unsecured and were summarised as below.

Separate financial statements					
As at 31 December 2019					
Relationship		Principle		Interest rates %	Borrowing periods
		Million USD	(Equivalent) Million Baht		
PT Sri Trang Lingga Indonesia	A direct subsidiary	23	690	4.18 - 4.30	3 Years
PT Star Rubber	An indirect subsidiary	25	749	4.18 - 5.05	3 Years
Total		48	1,439		
Separate financial statements					
As at 31 December 2018					
Relationship		Principle		Interest rates %	Borrowing periods
		Million USD	(Equivalent) Million Baht		
PT Sri Trang Lingga Indonesia	A direct subsidiary	45	1,453	4.18 - 4.30	3 Years
PT Star Rubber	An indirect subsidiary	33	1,065	4.18 - 5.05	1 - 3 Years
Total		78	2,518		

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Movements in the balance of long-term loans to subsidiaries during the year ended 31 December 2019 were as follows.

(Unit: Thousand Baht)

	Separate financial statements				
	Balance as at 31 December 2018	Increase during the year	Decrease during the year	Unrealised loss on exchange rate	Balance as at 31 December 2019
Long-term loans					
Subsidiaries	2,518,214	-	(968,544)	(110,788)	1,438,882

### Outstanding balances arising from loans from subsidiaries

As at 31 December 2019 and 2018, short-term loans from subsidiaries were summarised as below.

		Separate financial statements			
		As at 31 December		Interest rates %	Borrowing periods
Relationship		2019	2018		
Premier System					
Engineering Co., Ltd.	A direct subsidiary	-	300	1.10	On call
Startex Rubber Co., Ltd.	A direct subsidiary	160	-	1.00	On call
		160	300		

Movements in the balance of short-term loans from subsidiaries during the year ended 31 December 2019 were as follows.

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2019
Short-term loan				
Subsidiaries	300,000	160,000	(300,000)	160,000

### Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses of its directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018
Short-term employee benefits	238,934	261,722	47,509	51,247
Post-employment benefits	29,633	6,156	8,013	1,485
Total	268,567	267,878	55,522	52,732



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### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 36.3.1 to the financial statements.

### 7. Cash and cash equivalents

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		
Cash	30,303	12,966	10,464	4,450
Bank deposits	2,351,520	4,246,197	179,692	377,365
Total	2,381,823	4,259,163	190,156	381,815

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.05 and 4.00 percent per annum (2018: between 0.10 and 3.50 percent per annum).

### 8. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		
<b>Trade accounts receivable - related parties</b> (Note 6)				
Aged on the basis of due dates				
Not yet due	1,920	3,792	376,848	876,843
Past due				
Up to 30 days	-	4	191	83,311
31 - 60 days	-	-	-	876
61 - 90 days	-	-	-	519
91 - 120 days	-	-	-	-
121 - 365 days	-	-	-	1,605
Total trade accounts receivable - related parties	1,920	3,796	377,039	963,154

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Restated)			
<b><u>Trade accounts receivable - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	4,189,371	4,647,254	1,860,778	1,851,651
Past due				
Up to 30 days	392,819	445,066	214,480	191,475
31 - 60 days	47,265	22,505	25,584	14,385
61 - 90 days	6,292	25,926	3,491	4,122
91 - 120 days	19,143	-	9,632	-
121 - 365 days	8,783	35,083	123	34,513
Over 365 days	59,110	54,044	37,907	47,553
Total	4,722,783	5,229,878	2,151,995	2,143,699
Less: Allowance for doubtful debts	(33,117)	(41,442)	(27,636)	(27,636)
Total trade accounts receivable - unrelated parties, net	4,689,666	5,188,436	2,124,359	2,116,063
Total trade accounts receivable, net	4,691,586	5,192,232	2,501,398	3,079,217
<b><u>Other receivables</u></b>				
Advance payments for goods - related parties (Note 6)	-	-	26,899	45,375
Advance payments for goods - unrelated parties	45,614	256,820	3,685	11,459
Prepaid expenses	123,364	126,099	28,633	39,663
Interest receivables - related parties (Note 6)	-	-	367	2,621
Receivables from insurance companies and estimated accrued insurance claims *	-	289,835	-	-
Other receivables - related parties (Note 6)	2,378	2,109	16,194	19,366
Other receivables - unrelated parties	115,492	102,448	15,740	35,442
Total other receivables	286,848	777,311	91,518	153,926
Total trade and other receivables, net	4,978,434	5,969,543	2,592,916	3,233,143

\* From the fire incident of TK before the restructuring of the subsidiary

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### 9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
			Reduction of cost to net			
	Cost		realisable value		Inventories, net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		(Restated)		(Restated)
Finished goods	4,500,138	4,081,224	(23,992)	(99,937)	4,476,146	3,981,287
Work in process	3,196,861	3,652,048	(62,272)	(118,638)	3,134,589	3,533,410
Raw materials, packaging, and chemicals	5,469,390	4,576,506	(10,952)	(11,156)	5,458,438	4,565,350
Spare parts and supplies	<u>444,167</u>	<u>392,389</u>	<u>(19,789)</u>	<u>(20,653)</u>	<u>424,378</u>	<u>371,736</u>
Total	13,610,556	12,702,167	(117,005)	(250,384)	13,493,551	12,451,783

(Unit: Thousand Baht)

	Separate financial statements					
			Reduction of cost to net			
	Cost		realisable value		Inventories, net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Finished goods	1,992,551	1,798,791	(5,155)	(31,681)	1,987,396	1,767,110
Work in process	1,636,140	1,802,141	-	(41,406)	1,636,140	1,760,735
Raw materials, packaging, and chemicals	3,541,617	2,488,170	-	(6,228)	3,541,617	2,481,942
Spare parts and supplies	<u>56,594</u>	<u>53,793</u>	<u>(98)</u>	<u>-</u>	<u>56,496</u>	<u>53,793</u>
Total	7,226,902	6,142,895	(5,253)	(79,315)	7,221,649	6,063,580

During the year 2019 and 2018, reduction of cost to net realisable value was summarised as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		
Reversal and reduced the amount of inventories recognised as expenses during the year	133	174	74	161

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### Additional information

Information on inventory balances of the Group, for only ribbed smoked sheets, concentrated latex and block rubber, as at 31 December 2019 and 2018 are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Inventories at net realisable value (NRV)*	12,341,229	10,411,061	7,566,209	5,886,610
Inventories at lower of cost or net realisable value (NRV) - as measured and included in the financial statements	11,379,981	10,201,733	7,018,544	5,793,784
Difference	961,248	209,328	547,665	92,826

\* For reporting purposes, inventories are stated at the lower of cost or net realisable value, while for inventory management purposes the Group uses net realisable value (NRV) which is the estimated selling price in the ordinary course of business less the necessary costs of completion and cost to make the sale. The use of different valuation methods for these two purposes resulted in a difference at the reporting date.

Under Thai Financial Reporting Standards, such differences are not allowed to be recognised in the profit and loss until the inventories are actually sold. The amount of such difference changes over time depending on the actual price at the time of sale.

### 10. Derivative financial instruments

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Cross currency swap	-	-	-	(4,479)
Interest rate swaps	-	(28,505)	-	-
Foreign exchange options	10,815	(4,057)	641	(14,483)
Rubber options	1,691	(2,240)	127	(157)
Forward foreign exchange contracts	31,313	(16,139)	10,642	(45,743)
Rubber futures	17,065	(92,304)	45,413	(106,524)
Physical forward contracts	1,732	-	2,778	(17)
Total derivative financial instruments	62,616	(143,245)	59,601	(171,403)

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(Unit: Thousand Baht)

	Separate financial statements			
	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Cross currency swap	-	-	-	(4,479)
Foreign exchange options	4,331	(2,662)	641	(11,394)
Rubber options	1,691	(2,240)	127	(157)
Forward foreign exchange contracts	8,808	-	1,569	-
Rubber futures	12,185	(65,453)	30,742	(95,302)
Total derivative financial instruments	27,015	(70,355)	33,079	(111,332)

### 11. Restricted bank deposits

The balances were bank deposits, which a domestic subsidiary were pledged as collateral for contract compliance with government agencies.

### 12. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2019	2018	2019	2018	2019	2018	2019	2018
			(%)	(%)				
<b>Subsidiaries</b>								
Sri Trang USA, Inc.								
(2019: held by STGT (Note1.2 c)))	-	179	-	100.00	-	179	-	-
PT Sri Trang Lingga Indonesia	359	359	90.00	90.00	330	330	-	-
Anvar Parawood Co., Ltd.	10	10	99.94	99.94	26	26	-	-
Rubberland Products Co., Ltd.	1,600	1,600	99.99	99.99	1,935	1,935	330	500
Namhua Rubber Co., Ltd.	500	500	99.99	99.99	560	560	-	-
Sadao P.S. Rubber Co., Ltd.	40	40	99.99	99.99	54	54	-	-
Startex Rubber Co., Ltd.	2,198	2,198	99.99	99.99	2,196	2,196	-	-
Premier System Engineering Co., Ltd.	50	50	82.00	82.00	100	100	246	-
Starlight Express Transport Co., Ltd.	15	15	76.67	76.67	39	39	38	23
Sri Trang Rubber & Plantation Co., Ltd.	6,725	6,495	99.99	99.99	6,725	6,495	-	-
Shi Dong Shanghai Rubber Co., Ltd.	155	155	100.00	100.00	155	155	-	-
Sri Trang Gloves (Thailand) Co., Ltd.*	-	200	-	81.50	-	6,430	-	408
Sri Trang Gloves (Thailand) Plc.*	990	-	73.24	-	6,551	-	-	-
Sri Trang IBC Co., Ltd.	2	-	99.99	-	2	-	-	-
Total					18,673	18,499	614	931





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 12.1.1 Details of investments in subsidiaries that have material non-controlling interests.

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2019	2018	2019	2018	2019	2018	2019	2018
	(%)	(%)						
Sri Trang Gloves (Thailand) Co., Ltd.*	-	9.77	-	313	-	92	-	49
Sri Trang Gloves (Thailand) Plc.*	18.92	-	1,295	-	96	-	-	-
Total			1,295	313	96	92	-	49

\* The restructuring of the subsidiary, as described in Note 1.2 a) to the financial statement

### 12.1.2 Summarised financial information that based on amounts before inter-company elimination of subsidiaries that have material non-controlling

#### Summarised information about financial position

(Unit: Million Baht)

	Sri Trang Gloves (Thailand) Plc.	Sri Trang Gloves (Thailand) Co., Ltd
	2019	2018
Current assets	4,123	3,326
Non-current assets	9,833	5,062
Current liabilities	2,464	1,473
Non-current liabilities	6,222	3,701

#### Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December	
	Sri Trang Gloves (Thailand) Plc.	Sri Trang Gloves (Thailand) Co., Ltd
	2019	2018
Revenue	12,059	10,529
Profit	575	941
Other comprehensive income	1	(1)
Total comprehensive income	576	940

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### Summarised information about cash flow

	(Unit: Million Baht)	
	For the year ended 31 December	
	Sri Trang Gloves (Thailand) Plc.	Sri Trang Gloves (Thailand) Co., Ltd
	<u>2019</u>	<u>2018</u>
Cash flow provided by operating activities	1,397	1,106
Cash flow used in investing activities	(3,314)	(1,360)
Cash flow provided by financing activities	2,055	150
Net increase (decrease) in cash and cash equivalents	138	(104)

### **12.2 Sri Trang Gloves (Thailand) Co., Ltd.**

#### The restructuring of the subsidiary through the amalgamation

On 10 July 2018, the Board of Directors Meeting of the Company passed a resolution not to object to the proposed investment by Dr. Viyavood Sincharoenkul ("Dr. Viyavood"), who is the Chairman and Managing Director of the Company, in Thaikong Co., Ltd. ("Thaikong"), which is in the rubber glove manufacturing business, through the acquisition of shares held by Thaikong Group Co., Ltd. ("TKG") by using his own funds. The Board of Directors also passed a resolution to conduct due diligence on TKG and Thaikong as well as to study the investment structure in details. Dr. Viyavood requested the Company to issue a written confirmation of the Company's investment in Thaikong as well as the structure of the investment within 31 December 2018. This granted an exclusive right to the Company to invest in Thaikong, whether directly or indirectly, in order to incorporate Thaikong into the Group, at the cost at which Thaikong shares were acquired by Dr. Viyavood (including finance costs). Dr. Viyavood also allowed the Company to determine an appropriate structure for the investment.

Subsequently, on 30 August 2018, the Board of Directors resolved to approve the Company's investment in Thaikong, through the amalgamation of Thaikong and Sri Trang Gloves (the Company and Rubberland Products Company Limited ("RBL") collectively hold 90.23 percent of all shares of Sri Trang Gloves). In addition, Thaikong changed its juristic person from a limited company to a public limited company under the Public Limited Companies Act and registered the company's conversion from "Thaikong Company Limited" to "Thaikong Public Company Limited" ("TK") with the Ministry of Commerce on 19 September 2018.

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On 29 March 2019, the Joint Shareholders Meeting between the shareholders of Sri Trang Gloves and the shareholders of TK approved the amalgamation of those companies in accordance with legally prescribed principles and methods. The amalgamation of the companies was registered with the Ministry of Commerce on 1 April 2019, the new company is named **“Sri Trang Gloves (Thailand) Public Company Limited”**. As a result, the corporate status of Sri Trang Gloves and TK was terminated on that day and all of its assets, liabilities, rights, duties and responsibilities were transferred to the new company by law, as described in Note 1.2 a) to the interim financial statements.

After the amalgamation, the Company and RBL collectively hold 81.08 percent of all shares of STGT (73.24 percent held by the Company).

### Increase in registered share capital of STGT

On 7 June 2019, the Extraordinary General Meeting of Shareholders of STGT passed a resolution to increase its registered share capital from Baht 825 million (8,250,000 ordinary shares with a par value of Baht 100 each) to Baht 990 million (9,900,000 ordinary shares with a par value of Baht 100 each) by issuing 1,650,000 new ordinary shares with a par value of Baht 100 each to the existing shareholders with a ratio of 5 existing shares to 1 newly share, at a price of Baht 100 per share. The subsidiary registered the increase of its capital with the Ministry of Commerce on 14 June 2019.

During the second quarter of 2019, the Company and RBL paid Baht 121 million and Baht 13 million, respectively for the additional capital. The Company and RBL maintain the shareholding in this subsidiary at 73.24 percent and 7.84 percent, respectively. Therefore, the Company has investments in this subsidiary of Baht 6,551 million presented in the separate financial statements as at 31 December 2019.

### Plan for initial public offering (IPO) of STGT

On 8 July 2019, the Board of Directors of the Company passed resolutions to approve the plan for STGT's IPO, and the listing of STGT on the Stock Exchange of Thailand and/or other stock exchanges, with the percentage of shares to be offered through the IPO to not exceed 31 percent of the total paid-up capital of STGT after the IPO.

### A change in a par value of STGT

On 26 August 2019, the Extraordinary General Meeting of Shareholders of STGT passed resolutions to approve to change in a par value of STGT's shares from Baht 100 to Baht 1 per share. Therefore, STGT's registered and paid-up capital increased from 9,900,000 shares to 990,000,000 shares. As a result, STGT's registered and paid-up capital of Baht 990 million comprising 990 million shares with a par value of Baht 1 per share. STGT registered the change in a par value with the Ministry of Commerce on 27 August 2019.

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### Issuance and offering of newly-issued ordinary shares of STGT to the directors, executives, and/or employees of STGT and STGT's subsidiaries

On 6 November 2019, the Extraordinary General Meeting of Shareholders of the Company passed resolutions to approve the issuance and offering of newly-issued ordinary shares of STGT to the directors, executives, and/or employees of STGT and STGT's subsidiaries ("STGT ESOP"), consisting of 10,000,000 shares with a par value of Baht 1 per share, with the following details:

Type of securities	Newly-issued ordinary shares of STGT to be offered to the directors, executives, and/or employees of STGT and STGT’s subsidiaries.											
Term	Two years from the date on which the ordinary shares of STGT are listed on the SET.											
Number of newly-issued ordinary shares to be issued and offered	No more than 10,000,000 shares with a par value of Baht 1 per share											
Offering price per share	At the date of IPO: 90 percent of the IPO price  The first to second year after the IPO: 90 percent of the market price *  * As specified under the notification of the Office of the Securities and Exchange Commission regarding the calculation of offer price of securities and determination of market price for consideration of offer for sale of newly-issued shares with discount.											
Offering period	STGT will offer the newly-issued ordinary shares through the STGT ESOP’s scheme, as follows.  <table><tr><td>The first time</td><td>The date of the IPO:</td><td>Not more than 40 percent or 4,000,000 shares</td></tr><tr><td>The second time</td><td>The first year after the IPO:</td><td>Not more than 30 percent, or 3,000,000 shares</td></tr><tr><td>The third time</td><td>The second year after the IPO:</td><td>Not more than 30 percent, or 3,000,000 shares</td></tr></table>			The first time	The date of the IPO:	Not more than 40 percent or 4,000,000 shares	The second time	The first year after the IPO:	Not more than 30 percent, or 3,000,000 shares	The third time	The second year after the IPO:	Not more than 30 percent, or 3,000,000 shares
The first time	The date of the IPO:	Not more than 40 percent or 4,000,000 shares										
The second time	The first year after the IPO:	Not more than 30 percent, or 3,000,000 shares										
The third time	The second year after the IPO:	Not more than 30 percent, or 3,000,000 shares										



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### Increase in registered share capital and allocation of newly-issued ordinary shares of STGT

On 22 November 2019, the Board of Directors of STGT passed resolutions to approve the following matters:

- a) Approval of an increase in STGT's registered share capital, from Baht 990,000,000 (990,000,000 ordinary shares with a par value of Baht 1 each) to Baht 1,434,780,000 (1,434,780,000 ordinary shares with a par value of Baht 1 each) through the issuance of 444,780,000 new ordinary shares with a par value of Baht 1 each and allocation of the newly-issued ordinary shares as follows:
  1. Allocation of no more than 432,780,000 new shares with a par value of Baht 1 each for the initial public offering (IPO) of STGT.
  2. Allocation of no more than 2,000,000 new shares with a par value of Baht 1 each to be offered to the directors, executives, and/or employees of the Company and the Company's subsidiaries.
  3. Allocation of no more than 10,000,000 shares with a par value of Baht 1 each to be offered under the STGT ESOP.

STGT completely register its increased share capital with Ministry of Commerce on 25 November 2019.

- b) Approval of the listing of STGT's shares on the Stock Exchange of Thailand.

In addition, the above resolution will be proposed to the Extraordinary General Meeting of Shareholders of STGT for further consideration and approval.

### **12.3 Sri Trang Rubber & Plantation Co., Ltd. ("SRP")**

During the current period, the Company paid Baht 60 million for the additional capital of SRP that was called up in 2017.

In addition, on 3 April 2019, the Extraordinary Shareholder's Meeting of SRP passed a resolution to increase its registered share capital from Baht 6,555 million (65,550,000 ordinary shares with a par value of Baht 100 each) to Baht 6,755 million (67,550,000 ordinary shares with a par value of Baht 100 each) by issuing newly 2,000,000 ordinary shares with a par value of Baht 100 each. During the nine-month period ended 30 September 2019, the Company paid Baht 170 million for the additional capital. Therefore, the separate financial statements as at 31 December 2019, the Company has investments in this subsidiary of Baht 6,725 million.

Subsequently, on 19 September 2019, the Board of Directors of the Company passed resolutions to approve to increase SRP's registered share capital amounting to Baht 250 million for operation in 2020.



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### 12.4 Sri Trang IBC Co., Ltd.

On 14 May 2019, the Board of Directors of the Company passed resolutions to approve to establish of a new subsidiary in Thailand with a registered share capital of Baht 10 million (100,000 ordinary shares with a par value of Baht 100 each) to operate in the provision of technical, innovation, information, and advisory services, with the Company to have a 99.99 percent shareholding. The Company completely register its establishment with Ministry of Commerce on 18 June 2019.

During the current period, the Company paid Baht 2.5 million for the paid-up capital.

### 12.5 Sri Trang USA, Inc. ("STU")

On 19 September 2019, the Board of Directors of the Company passed resolutions to approve a restructuring of the shareholding of STU by selling all STU's shares of 3,000 shares with 100 percent to STGT at a price of USD 1, or approximately Baht 31, as described in Note 1.2 c) to the interim financial statements. During the current period, the Company reflected the loss from disposal of investments in the subsidiary amounting to Baht 179 million in profit or loss in the separate financial statements.

Moreover, on 19 September 2019, the Board of Directors of STGT passed resolutions to approve that STGT purchases STU's capital-increased shares with amount of not exceeding USD 8.5 million, for STU to repay the loans secured from financial institutions.

Subsequently, during February 2020, STGT paid USD 6.5 million, or approximately Baht 205 million for additional capital of STU.

## 13. Investments in associates

### 13.1 Details of associates:

							(Unit: Million Baht)	
Associates	Nature of business	Country of incorporation	Shareholding percentage		Consolidated		Separate	
					financial statements		financial statements	
			Carrying amounts based on equity method		Cost			
			<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
			(%)	(%)				
Semperflex Asia Co., Ltd.	Manufacture of hydraulic hoses	Thailand	42.50	42.50	491	387	143	143
(Shareholding held by the Company 37.50% and by a subsidiary 5.00%)								
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	40.00	40.00	8	8	15	15
Total					499	395	158	158



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### 13.2 Share of comprehensive income and dividend received

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

Associates	(Unit: Million Baht)				Separate	
	Consolidated financial statements				financial statements	
	Share of profit from		Dividend received		Dividend received	
	investments in associates		during the years		during the years	
	2019	2018	2019	2018	2019	2018
Semperflex Asia Co., Ltd.	116.8	179.3	12	152	11	134
Pattana Agro Futures Co., Ltd.	-	0.1	-	-	-	-
Total	116.8	179.4	12	152	11	134

### 13.3 Summarised financial information about a material associate

#### Summarised information about financial position

	(Unit: Million Baht)	
	Semperflex Asia Co., Ltd.	
	2019	2018
Current assets	1,014	874
Non-current assets	306	299
Current liabilities	(129)	(233)
Non-current liabilities	(18)	(15)
Net assets	1,173	925
Shareholding percentage (%)	42.50%	42.50%
Share of net assets	499	393
Adjustments on consolidated financial statements	(8)	(6)
Carrying amounts of the associate based on equity method	491	387

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### Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the year ended 31 December	
	Semperflex Asia Co., Ltd.	
	2019	2018
Revenue	1,323	1,682
Profit	275	422
Other comprehensive income	2	(2)
Total comprehensive income	277	420

#### 13.4 Semperflex Asia Co., Ltd.

On 18 January 2018, the meeting of the Company's Board of Directors passed a resolution to enter into the Umbrella agreement, the Share Sale and Purchase agreement, Call Option agreement between the Company and Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit") which collectively was the Demerger agreement for all associates and joint ventures, in which the Company had invested with Semperit both locally and abroad.

The Company granted a call option to Semperit for the acquisition of Semperflex Asia Co., Ltd. totalling 1,615,000 shares, representing 42.50 percent of paid-in capital of Semperflex Asia Co., Ltd. from the Company and its subsidiary, at the exercise price of USD 51 million, and with a condition to pay all dividend from profit contribution after the acquisition date. The exercise period is between 30 June 2019 and 30 June 2021.

#### 14. Investment in a joint venture

##### 14.1 Details of investment in a joint venture:

Investment in a joint venture represents investment in entity which is jointly controlled by the Company and other companies. Details of this investment is as follows.

								(Unit: Million Baht)
Joint venture	Nature of business	Country of incorporation	Shareholding percentage		Consolidated		Separate	
					financial statements		financial statements	
					Carrying amounts based			
					on equity method		Cost	
			2019	2018	2019	2018	2019	2018
			(%)	(%)				
Thaitech Rubber Corp., Ltd.	Manufacture of rubber products	Thailand	42.51	42.51	396	406	135	135

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 14.2 Share of comprehensive income and dividend received

During the years, the Group recognised its share of comprehensive income from investment in the joint venture in the consolidated financial statements and dividend income in the separate financial statements as follows:

Joint venture	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Share of profit from investments in a joint venture during the years		Dividend received during the years	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Thaitech Rubber Corp., Ltd.	16	44	26	-

### 14.3 Summarised financial information about a material joint venture

#### Summarised information about financial position

	(Unit: Million Baht)	
	Thaitech Rubber Corp., Ltd.	
	<u>2019</u>	<u>2018</u>
Current assets	1,677	1,326
Non-current assets	1,117	1,006
Current liabilities	(2,006)	(1,498)
Non-current liabilities	(16)	(17)
Net assets	772	817
Shareholding percentage (%)	42.51%	42.51%
Share of net assets	328	347
Adjustments on consolidated financial statements	68	59
Carrying amounts of the joint venture based on equity method	396	406

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### Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the year ended 31 December	
	Thaitech Rubber Corp., Ltd.	
	<u>2019</u>	<u>2018</u>
Revenue	5,515	6,522
Profit	21	119
Other comprehensive income	(16)	(36)
Total comprehensive income	5	83

### 15. Long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Available-for-sale investments				
Equity securities	32,467	32,467	32,467	32,177
<u>Add</u> Cumulative changes in fair value	9,431	14,031	9,549	14,005
Total available-for-sale investments				
- fair value	41,898	46,498	41,726	46,182
General investments	100,000	100,000	100,000	100,000
<u>Less</u> Allowance for impairment loss	(32,000)	(10,000)	(32,000)	(10,000)
General investments - net	68,000	90,000	68,000	90,000
Total long-term investments - net	109,898	136,498	109,726	136,182





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### 16. Investment properties

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	201,528	188,910	75,663	75,663
Acquisition of assets	-	156	-	-
Gain (loss) on change in fair value	(2,367)	13,367	-	-
Translation adjustment	(8,829)	(905)	-	-
Net book value at end of year	<u>190,332</u>	<u>201,528</u>	<u>75,663</u>	<u>75,663</u>

The investment property of the Group is property held for a currently undetermined future use and land not used in operations. The Group has not determined whether it will be held as owner-occupied property or for short-term capital gain appreciation.

The Group's land not used in operations was revalued by an independent appraiser using the market approach.

Investment properties are carried at fair value, determined at the date of the statement of financial position based on the market value of properties in the same category and location as the subsidiary's property.



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### 17. Property, plant and equipment

	Consolidated financial statements							(Unit: Thousand Baht)
	Revaluation basis		Cost basis					
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	Total	
As at 1 January 2017								
Cost / Revalued amount	11,068,818	6,409,049	9,921,850	1,057,193	666,282	1,808,570	30,931,762	
Less Accumulated depreciation	(447,111)	(587,138)	(4,513,703)	(701,759)	(436,770)	-	(6,686,481)	
Less Allowance for impairment	(49,700)	-	(5,890)	-	-	-	(55,590)	
Net book value	10,572,007	5,821,911	5,402,257	355,434	229,512	1,808,570	24,189,691	
For the year ended 31 December 2018								
Net book value at beginning of year	10,572,007	5,821,911	5,402,257	355,434	229,512	1,808,570	24,189,691	
Additions	46,087	17,115	162,433	76,565	26,137	2,456,787	2,785,124	
Transfers in (out)	273,898	700,110	2,042,240	29,235	26,373	(3,071,856)	-	
Reclassification, net	215	(215)	-	-	-	-	-	
Transfer to Intangible assets (Note 19)	-	-	-	-	-	(4,910)	(4,910)	
Disposals and write-off, net	(6,052)	(6,175)	(18,389)	(6,821)	(2,193)	(24,029)	(63,659)	
Increase from business acquisition	296,513	1,927	-	-	-	-	298,440	
Additions of revaluation	(10,866)	(2,342)	-	-	-	-	(13,208)	
Reductions of revaluation	363,605	275,595	975,544	27,565	14,985	150,242	1,807,536	
Depreciation for the year	(247,836)	(461,194)	(1,448,596)	(121,444)	(90,499)	-	(2,369,569)	
Depreciation capitalised to assets (Note 18)	(64,973)	(6,321)	(3,127)	(2,621)	-	-	(77,042)	
Reversal of allowance for impairment	-	-	334	-	-	-	334	
Translation adjustment, net	(25,609)	(56,068)	(42,716)	(7,808)	(3,143)	(35,451)	(170,795)	
Net book value at end of year (restated)	11,196,989	6,284,343	7,069,980	350,105	201,172	1,279,353	26,381,942	

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(Unit: Thousand Baht)

	Consolidated financial statements					
	Revaluation basis		Cost basis			
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation
<b>As at 31 December 2018</b>						
Cost / Revalued amount	12,166,570	7,161,646	12,901,806	1,129,568	703,657	1,279,354
<u>Less</u> Accumulated depreciation	(919,881)	(877,303)	(5,826,270)	(779,462)	(502,487)	-
<u>Less</u> Allowance for impairment	(49,700)	-	(5,556)	-	-	-
Net book value (restated)	11,196,989	6,284,343	7,069,980	350,106	201,170	1,279,354
						26,381,942
<b>For the year ended 31 December 2019</b>						
Net book value at beginning of year	11,196,989	6,284,343	7,069,980	350,106	201,170	1,279,354
Additions	24,379	6,855	136,939	75,169	25,220	3,691,880
Transfers in (out)	176,246	646,319	1,078,401	20,435	16,847	(1,938,248)
Transfers to intangible assets (Note 19)	-	-	-	-	-	(1,251)
Disposals and write-off, net	(4,103)	(3,764)	(30,421)	(1,675)	(1,100)	(72)
Additions of revaluation	360	5,382	-	-	-	-
Reductions of revaluation	(2,266)	-	-	-	-	-
Depreciation for the year	(242,868)	(475,178)	(1,487,455)	(119,451)	(80,692)	-
Depreciation capitalised to assets (Note 18)	(57,789)	(5,049)	(2,889)	(3,710)	-	-
Interest capitalized to assets	-	-	-	-	-	50,992
Translation adjustment, net	(13,219)	(31,574)	(18,621)	(4,727)	(1,960)	(7,766)
Net book value at end of year	11,077,729	6,427,334	6,745,934	316,147	159,485	3,074,889
						27,801,518





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(Unit: Thousand Baht)

	Consolidated financial statements					
	Revaluation basis		Cost basis			
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation
<b>As at 31 December 2019</b>						
Cost / Revalued amount	12,343,649	7,773,689	13,938,112	1,197,096	739,922	3,074,889
Less Accumulated depreciation	(1,216,220)	(1,346,355)	(7,186,622)	(880,949)	(580,437)	-
Less Allowance for impairment	(49,700)	-	(5,556)	-	-	-
Net book value	11,077,729	6,427,334	6,745,934	316,147	159,485	3,074,889
<b>Depreciation for the year</b>						
2018 (Baht 2,064 million included in manufacturing cost, and the balance in selling and administrative expenses)						2,369,569
2019 (Baht 2,213 million included in manufacturing cost, and the balance in selling and administrative expenses)						2,405,664

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	Separate financial statements					
	Revaluation basis		Cost basis			
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation
<b>As at 1 January 2018</b>						
Cost / Revalued amount	3,910,485	2,569,006	3,991,022	279,052	378,308	756,627
Less Accumulated depreciation	(213,672)	(179,484)	(2,071,372)	(198,938)	(271,027)	-
Less Allowance for impairment	-	-	(5,890)	-	-	-
Net book value	3,696,813	2,389,522	1,913,760	80,114	107,281	756,627
						11,884,500
						(2,934,493)
						(5,890)
						8,944,117
<b>For the year ended 31 December 2018</b>						
Net book value at beginning of year	3,696,813	2,389,522	1,913,760	80,114	107,281	756,627
Additions	1,599	1,392	35,227	5,264	7,735	690,362
Transfers in (out)	156,719	290,986	617,518	18,550	18,020	(1,101,793)
Disposals and write-off, net	(480)	(970)	(4,053)	(988)	(1,061)	(2,743)
Additions of revaluation	253,508	-	-	-	-	-
Depreciation for the year	(127,638)	(174,203)	(461,205)	(30,874)	(42,277)	-
Reversal of allowance for impairment	176	-	334	-	-	-
Net book value at end of year	3,980,697	2,506,727	2,101,581	72,066	89,698	342,453
						9,093,222
<b>As at 31 December 2018</b>						
Cost / Revalued amount	4,321,874	2,860,101	4,611,482	300,501	391,256	342,453
Less Accumulated depreciation	(341,177)	(353,374)	(2,504,345)	(228,435)	(301,558)	-
Less Allowance for impairment	-	-	(5,556)	-	-	-
Net book value	3,980,697	2,506,727	2,101,581	72,066	89,698	342,453
						12,827,667
						(3,728,889)
						(5,556)
						9,093,222







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	Separate financial statements					
	Revaluation basis		Cost basis			Total
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation
<b>For the year ended 31 December 2019</b>						
Net book value at beginning of year	3,980,697	2,506,727	2,101,581	72,066	89,698	342,453
Additions	6,972	1,517	30,677	2,978	5,289	231,196
Transfers in (out)	64,753	176,103	209,863	-	5,652	(456,371)
Disposals and write-off, net	(2,729)	(2,359)	(4,118)	-	(272)	(72)
Depreciation for the year	(114,940)	(178,366)	(474,145)	(29,050)	(35,762)	-
Net book value at end of year	3,934,753	2,503,622	1,863,858	45,994	64,605	117,206
						8,530,038
<b>As at 31 December 2019</b>						
Cost / Revalued amount	4,388,271	3,033,637	4,814,455	294,091	400,023	117,206
Less Accumulated depreciation	(453,518)	(530,015)	(2,945,041)	(248,097)	(335,418)	-
Less Allowance for impairment	-	-	(5,556)	-	-	-
Net book value	3,934,753	2,503,622	1,863,858	45,994	64,605	117,206
						8,530,038
<b>Depreciation for the year</b>						
2018 (Baht 758 million included in manufacturing cost, and the balance in selling and administrative expenses)						836,197
2019 (Baht 750 million included in manufacturing cost, and the balance in selling and administrative expenses)						832,263

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The Group arranged for independent professional appraisers to appraise the value of certain assets in 2017 and 2018 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land and land improvements were revalued using the market approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as spaces, location, environment, and highest best use. The most significant input into this valuation approach is price per Rai and size of land.
- Buildings and structures were revalued the depreciated replacement cost approach. Replacement value is calculated from construction prices in the market to build the similar characteristics of properties in close proximity and adjusted for depreciation which calculated from utilised period and remaining expected useful lives. The most significant input into this valuation approach is construction price per square meter, utility spaces and useful lives of buildings.

The asset revaluation surplus net of applicable deferred income tax was credited to other components of shareholder's equity.

Had the land, land improvement, building and structures been carried in the financial statements on a historical cost basis, their net book value as of 31 December 2019 and 2018 would have been as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		
Land and land improvements	7,525,141	7,600,384	2,119,576	2,145,005
Buildings and structures	4,840,673	4,582,576	1,762,614	1,716,936

As at 31 December 2019, the Group had an outstanding balance of new plants under construction amounting to Baht 2,734 million. The construction has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 51 million were capitalised during the year ended 31 December 2019. The weighted average rate of 2.87 - 3.78% has been used to determine the amount of borrowing costs eligible for capitalisation.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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As at 31 December 2019 and 2018, the Group had vehicles which were acquired under finance lease agreements as follows.

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
			financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value	61	61	9	12

As at 31 December 2019 and 2018, certain items of buildings and equipment were fully depreciated but are still in use as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
			financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
The gross carrying amount before				
deducting accumulated depreciation				
and allowance for impairment loss	5,151	4,391	2,098	1,679

As at 31 December 2019, net book value of property plant and equipment of the subsidiaries with collateral against credit facilities, short-term and long-term borrowings received from a commercial bank was approximately Baht 168 million (2018: Baht 169 million) as described in Note 22 to the financial statements.

Moreover, the result of the amalgamation between Sri Trang Gloves and TK and the adjustments affecting the restated consolidated financial statements as described in Note 1.2 a) to the financial statements, net book value of property, plant and equipment of STGT amounting to Baht 1,963 million (2018: Baht 1,562 million) were pledged as collateral against credit facilities, short-term and long-term borrowings received from financial institutions as at 1 April 2019. However, during the current year, STGT redeems all the collaterals pledged with financial institutions as described in Note 22 to the financial statements.

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

### 18. Rubber and palm plantations

(Unit: Thousand Baht)

	Consolidated financial statements				
	Rubber		Palm		
	Mature	Immature	Mature	Immature	Total
<b>As at 1 December 2018</b>					
Cost	42,097	1,796,839	9,875	-	1,848,811
<u>Less</u> Accumulated amortisation	(10,935)	-	(5,500)	-	(16,435)
Net book value	31,162	1,796,839	4,375	-	1,832,376
<b>For the year ended 31 December 2018</b>					
Net book value at beginning of year	31,162	1,796,839	4,375	-	1,832,376
Acquisition	-	144,122	-	3,355	147,477
Transfer in (out)	95,472	(95,472)	2,549	(2,549)	-
Disposals and write-off, net	-	(1,403)	-	-	(1,403)
Amortisation (Note 29)	(3,487)	-	(513)	-	(4,000)
Depreciation capitalised to assets (Note 17)	-	77,042	-	-	77,042
Net book value at end of year	123,174	1,921,128	6,411	806	2,051,492
<b>As at 31 December 2018</b>					
Cost	137,569	1,921,128	12,424	806	2,071,927
<u>Less</u> Accumulated amortisation	(14,422)	-	(6,013)	-	(20,435)
Net book value	123,147	1,921,128	6,411	806	2,051,492
<b>For the year ended 31 December 2019</b>					
Net book value at beginning of year	123,147	1,921,128	6,411	806	2,051,492
Acquisition	-	127,182	-	5,050	132,232
Transfer in (out)	164,864	(164,864)	-	-	-
Amortisation (Note 29)	(5,780)	-	(661)	-	(6,441)
Depreciation capitalised to assets (Note 17)	-	69,437	-	-	69,437
Net book value at end of year	282,231	1,952,883	5,750	5,856	2,246,720
<b>As at 31 December 2019</b>					
Cost	302,432	1,952,883	12,424	5,856	2,273,595
<u>Less</u> Accumulated amortisation	(20,201)	-	(6,674)	-	(26,875)
Net book value	282,231	1,952,883	5,750	5,856	2,246,720

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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(Unit: Thousand Baht)

	Separate financial statements				
	Rubber		Palm		Total
	Mature	Immature	Mature	Immature	
<b>As at 1 December 2018</b>					
Cost	3,584	2,075	3,182	-	8,841
<u>Less</u> Accumulated amortisation	(2,096)	-	(2,402)	-	(4,498)
Net book value	<u>1,488</u>	<u>2,075</u>	<u>780</u>	<u>-</u>	<u>4,343</u>
<b>For the year ended 31 December 2018</b>					
Net book value at beginning of year	1,488	2,075	780	-	4,343
Additions	-	893	-	3,355	4,248
Transfer in (out)	-	-	2,549	(2,549)	-
Amortisation (Note 29)	(91)	-	(190)	-	(281)
Net book value at end of year	<u>1,397</u>	<u>2,968</u>	<u>3,139</u>	<u>806</u>	<u>8,310</u>
<b>As at 31 December 2018</b>					
Cost	3,584	2,968	5,731	806	13,089
<u>Less</u> Accumulated amortisation	(2,187)	-	(2,592)	-	(4,779)
Net book value	<u>1,397</u>	<u>2,968</u>	<u>3,139</u>	<u>806</u>	<u>8,310</u>
<b>For the year ended 31 December 2019</b>					
Net book value at beginning of year	1,397	2,968	3,139	806	8,310
Additions	-	93	-	5,050	5,143
Amortisation (Note 29)	(91)	-	(336)	-	(427)
Net book value at end of year	<u>1,306</u>	<u>3,061</u>	<u>2,803</u>	<u>5,856</u>	<u>13,026</u>
<b>As at 31 December 2019</b>					
Cost	3,584	3,061	5,731	5,856	18,232
<u>Less</u> Accumulated amortisation	(2,278)	-	(2,928)	-	(5,206)
Net book value	<u>1,306</u>	<u>3,061</u>	<u>2,803</u>	<u>5,856</u>	<u>13,026</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 19. Intangible assets

(Unit: Thousand Baht)

	Computer software	
	Consolidated financial statements	Separate financial statements
<b>As at 1 December 2018</b>		
Cost	653,730	592,545
<u>Less</u> Accumulated amortisation	(193,936)	(151,964)
Net book value	459,794	440,581
<b>For the year ended 31 December 2018</b>		
Net book value at beginning of year	459,794	440,581
Additions	26,465	13,446
Transfers from equipment (Note 17)	4,910	-
Write-off, net	(57)	(10)
Restructuring of the subsidiary (Note 1.2 a))	7,166	-
Amortisation (Note 29)	(72,235)	(58,437)
Translation adjustment	(126)	-
Net book value at beginning of year (restated)	425,917	395,580
<b>As at 31 December 2018</b>		
Cost	680,687	594,963
<u>Less</u> Accumulated amortisation	(254,770)	(199,383)
Net book value (restated)	425,917	395,580
<b>For the year ended 31 December 2019</b>		
Net book value at beginning of year (restated)	425,917	395,580
Additions	33,485	21,725
Transfers from equipment (Note 17)	1,251	-
Write-off, net	(62)	(12)
Amortisation (Note 29)	(74,194)	(60,742)
Translation adjustment	(496)	-
Net book value at beginning of year	385,901	356,551
<b>As at 31 December 2019</b>		
Cost	712,606	616,612
<u>Less</u> Accumulated amortisation	(326,705)	(260,061)
Net book value	385,901	356,551

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### 20. Goodwill

For the propose of annually impairment testing for goodwill, the Group determined the recoverable amount of the cash generating units based on value in use, with the cash flow projections derived from financial budgets approved by management. The projections cover a five-year period. The cash flow projections after the fifth-year period are extrapolated using the estimated growth rates stated below. The terminal growth rate does not exceed the long-term average growth rate for the business in which the cash generating units operates.

Key assumptions used in the value in use calculation of the cash generating units are summarised below:

Terminal growth rate at the year-end that the projection were prepared.	0.0% per annum
Pre-tax discount rate	7.0% per annum

The management determined expected operations and future cash flow projections based on factors including historical operating results, expected market growth and economic growth. The discount rate is a pre-tax rate that reflects the risks specific to cash generating unit.

The management determined that goodwill is not impaired.

### 21. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(restated)			
Trade payables - related parties (Note 6)	7,715	17,917	215,551	383,080
Trade payables - unrelated parties	1,041,799	1,320,048	258,377	491,518
Accrued expenses - related parties (Note 6)	-	-	10,937	35,890
Accrued expenses - unrelated parties	670,501	664,187	252,286	248,476
Advance receipt for goods and others	535,168	491,248	195,528	184,081
Deposits and retentions received from customers	56,372	53,582	15,232	25,424
Other payables - related parties (Note 6)	-	-	4,064	17,892
Other payables - unrelated parties	216,989	129,453	35,755	31,315
Others	101	523	101	103
Total trade and other payables	<u>2,528,645</u>	<u>2,676,958</u>	<u>987,831</u>	<u>1,417,779</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 22. Borrowings

Movements in the borrowing account during the year 2019 were summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019 (Restated)	27,783,841	18,549,186
Additions in short-term borrowings from financial institutions	1,293,115	2,182,730
Additions of long-term borrowings from financial institutions	3,068,000	-
Repayments of long-term borrowings from financial institutions	(2,162,526)	(1,142,526)
Repayments of debenture	(810,000)	(810,000)
Additions of finance lease liabilities	9,140	934
Repayments of finance lease liabilities	(21,470)	(3,788)
Unrealised loss on exchange rates	(111,274)	(109,608)
Amortisation of finance fee	1,656	-
Additions of finance fee	(4,057)	-
Translation adjustment	(109,774)	-
Balance as at 31 December 2019	28,936,651	18,666,928

#### Short-term and long-term borrowings from financial institutions

As at 31 December 2019, certain of short-term borrowings of a local subsidiary totaling Baht 28 million (2018: Baht 31 million) were secured by certain of land, land improvement, building and structures thereon of this subsidiary and another subsidiary in Thailand as described in Note 17, and by the guarantee of certain Company's directors. According to a condition of the borrowing agreements, the Company and the subsidiary are not allowed to create any encumbrance on their assets, except for encumbrances created with the prior consent of the banks and permitted liens.

During the current year, a local subsidiary had entered into a long-term loan agreement with a local commercial bank granting credit facilities of Baht 1,445 million, with a term of 7 years 9 months. The loan is subject to interest at MLR less a fixed rate per annum, is unsecured and loan principal is payable on a quarterly basis, with the first payment due in March 2020 and interest is payable on a quarterly basis.

The subsidiary drew down the loan in full.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Moreover, as described in Note 17 to the financial statements, on 31 December 2018, property, plant and equipment and fixed deposits of STGT were pledged as collateral against credit facilities, short-term and long-term borrowings received from a financial institution. However, during the current year, the collateral and conditions of borrowings agreements were changed. STGT redeems all the collaterals pledged with financial institutions. And, the financial institution assigned that STGT had not led its assets to obligation (Negative pledge).

As at 31 December 2019, an overseas subsidiary has a credit facility with a financial institution totaling USD 15 million or approximately Baht 452 million (31 December 2018: USD 19 million or approximately Baht 616 million). The subsidiary's short-term borrowings of USD 8.8 million or approximately Baht 264 million (31 December 2018: USD 10.5 million or approximately Baht 341 million) were guaranteed by the Company and the standby-letters of credit of a commercial bank as referred in Note 36.3 to the financial statements.



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### 22.1 Long-term loans from financial institutions

As at 31 December 2019 and 2018, the Group had entered into long-term borrowing agreements with commercial banks with details as follows.

No.	Credit facility	Borrowing periods	Interest rate (%)	Principal and interest repayment	Outstanding balances as at 31 December			
					Consolidated financial statements		Separate financial statements	
					2019 (Thousand Baht)	2018 (Thousand Baht) (Restated)	2019 (Thousand Baht)	2018 (Thousand Baht)
<b>The Company</b>								
1	Baht 3,800 Million granted in 2012	10 years	MLR less fixed rate per annum	Principal is repayable quarterly from September 2012 and interest is repayable monthly.	2,246,350	2,671,350	2,246,350	2,671,350
2	USD 15 Million granted in 2016	3 years	Fixed rate per annum	Principal is repayable in full on maturity and interest is repayable quarterly.	-	489,222	-	489,222
3	USD 15 Million granted in 2017	3 years	Fixed rate per annum	Principal is repayable in full on maturity and interest is repayable quarterly	242,650	489,222	242,650	489,222
4	USD 20 Million granted in 2017	3 years	Fixed rate per annum	Principal is repayable in full on maturity and interest is repayable quarterly.	606,626	652,296	606,626	652,296
5	USD 20 Million granted in 2018	3 years	Fixed rate per annum	Principal is repayable in full on maturity and interest is repayable quarterly.	606,626	652,296	606,626	652,296
<b>Subsidiaries</b>								
1	Baht 1,200 Million granted in 2017	6 years	THB FIX Add Per annum*	Principal is repayable quarterly from December 2017 and interest is repayable monthly.	895,000	1,100,000	-	-
2	Baht 3,000 Million granted in 2017	7 years	MLR less fixed rate per annum	Principal is repayable quarterly from March 2018 and interest is repayable quarterly.	1,392,000	2,020,000	-	-







## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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No.	Credit facility	Borrowing periods	Interest rate (%)	Principal and interest repayment	Outstanding balances as at 31 December			
					Consolidated financial statements		Separate financial statements	
					2019 (Thousand Baht)	2018 (Thousand Baht) (Restated)	2019 (Thousand Baht)	2018 (Thousand Baht)
3	Baht 950 Million granted in 2018	7 years 6 months	MLR less fixed rate per annum	Principal is repayable quarterly from September 2018 and interest is repayable quarterly.	880,000	930,000	-	-
4	Baht 700 Million granted in 2018	4 years 6 months	MLR less fixed rate per annum	Principal is repayable quarterly from June 2019 and interest is repayable quarterly.	583,000	700,000	-	-
5	Baht 1,623 Million granted in 2018	7 years	THB FIX add fixed rate per annum**	Principal is repayable quarterly from December 2019 and interest is repayable quarterly.	1,603,000	-	-	-
6	Baht 1,445 Million granted in 2019	7 years 9 months	MLR less fixed rate per annum	Principal is repayable monthly from March 2020 and interest is repayable monthly.	1,445,000	-	-	-
Total					10,500,252	9,704,386	3,702,252	4,954,386
	Less Deferred financial service fee				(4,587)	(2,185)	-	-
	Long-term borrowing - net				10,495,665	9,702,201	3,702,252	4,954,386
	Less Current portion of long-term borrowing				(2,621,767)	(1,464,226)	(1,674,276)	(965,000)
	Long-term borrowing - net from current portion				7,873,898	8,237,975	2,027,976	3,989,386

These loans are unsecured. In addition, the borrowing agreements of the Group contain certain covenants that, among other things, require the Group to maintain financial ratios.

\* The Group manages interest rate risk of the credit facilities by entering into interest rate swap contracts with fixed rate per annum.

\*\* The Group manages interest rate risk of the partial credit facilities by entering into interest rate swap contracts with fixed rate per annum.

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### 22.2 Debentures

The debentures are unsubordinated and unsecured debentures, with interest payable every 6 months.

						(Unit: Thousand Baht)	
Debentures	Issued date	Matured date	Quantity (Units)	Par value (Baht per unit)	Interest rate (Percent per annum)	Consolidated financial statements/ Separate financial statements	
						2019	2018
STA195A	18 May 2016	18 May 2019	810,000	1,000	2.55	-	810,000
STA215A	18 May 2016	18 May 2021	1,455,000	1,000	3.10	1,455,000	1,455,000
Total						1,455,000	2,265,000
<u>Less</u> current portion						-	(810,000)
Debentures, net of current portion						1,455,000	1,455,000

On 18 May 2019, the Company repaid Baht 810 million of unsubordinated and unsecured debentures, consisting of 810,000 units with a face value of Baht 1,000 each.

				(Unit: Thousand Baht)	
				Consolidated / Separate financial statements	
	Net book value		Fair value		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
Debentures	1,455,000	2,265,000	1,463,776	2,256,828	

### 22.3 Liabilities under finance lease agreements

				(Unit: Thousand Baht)	
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
		(Restated)			
Liabilities under finance lease agreements	39,121	53,256	7,088	10,196	
<u>Less</u> Deferred interest expenses	(2,073)	(3,523)	(401)	(654)	
Total	37,048	49,733	6,687	9,542	
<u>Less</u> Portion due within one year	(20,727)	(20,693)	(3,496)	(3,786)	
Liabilities under finance lease agreements - net of current portion	16,321	29,040	3,191	5,756	

Finance leases of the Group is mainly related to the lease of vehicles. The terms of the lease agreements are generally 3 - 5 years.

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

(Unit: Million Baht)

	As at 31 December 2019					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	21,981	17,141	39,122	3,735	3,353	7,088
Deferred interest expenses	(1,254)	(820)	(2,074)	(239)	(162)	(401)
Present value of future minimum lease payments	20,727	16,321	37,048	3,496	3,191	6,687

(Unit: Million Baht)

	As at 31 December 2018					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	22,659	30,597	53,256	4,124	6,072	10,196
Deferred interest expenses	(1,966)	(1,557)	(3,523)	(338)	(316)	(654)
Present value of future minimum lease payments	20,693	29,040	49,733	3,786	5,756	9,542

### 23. Provision for retirement benefit obligations

Provision for retirement benefit obligations, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(Restated)			
<b>Provision for retirement benefit obligations</b>				
<b>at beginning of year</b>	335,441	308,188	118,116	93,046
Increase from business acquisition	-	656	-	-
Included in profit or loss:				
Current service cost	38,276	37,879	14,281	9,329
Interest cost	12,000	9,584	3,720	2,063
Former Service cost	61,420	-	24,492	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(30,135)	8,186	(12,821)	3,300
Financial assumptions changes	21,802	(25,798)	3,887	(1,846)
Experience adjustments	(16,688)	1,383	(15,740)	14,285
Benefits paid during the year	(37,165)	(4,637)	(2,421)	(2,061)
Transfer employee to subsidiaries	-	-	(7,266)	-
<b>Provision for retirement benefit obligations at end of year</b>	<b>384,951</b>	<b>335,441</b>	<b>126,248</b>	<b>118,116</b>



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On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional provision for retirement benefit obligations of Baht 81 million (The Company only: Baht 30 million) as a result. The Group reflect the effect of the change by recognising expenses in profit or loss in the current year.

The Group expect to pay Baht 5 million of long-term employee benefits during the next year (Separate financial statements: Baht 2 million) (2018: Baht 31 million, separate financial statements: Baht 19 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit was 17 years (Separate financial statements: 17 years) (2018: 14 years, separate financial statements: 14 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit: percent per annum) Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate	1.2 - 2.5	1.7 - 4.4	1.2 - 2.5	1.7 - 4.4
Future salary increase rate	3.0 - 4.0	3.0 - 5.0	3.0 - 4.0	3.0 - 5.0
Turnover rate	0.0 - 35.0	0.0 - 30.0	0.0 - 35.0	0.0 - 30.0

The result of sensitivity analysis for significant assumptions that affect the present value of the provision for retirement benefit obligations as at 31 December 2019 and 2018 are summarised below:

	(Unit: Thousand Baht) As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(46,489)	55,323	(13,541)	15,886
Salary increase rate	53,840	(46,219)	15,388	(13,413)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(23,711)	28,416	(8,392)	10,109

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(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(28,988)	33,731	(9,180)	10,539
Salary increase rate	33,036	(28,956)	10,254	(9,123)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(16,216)	19,139	(6,575)	7,737

### 24. Share capital

#### Year 2018

On 26 April 2019, the Annual General Meeting of the shareholders of the Company passed a resolution to approve a decrease in the Company's registered share capital from Baht 1,536,000,000 (1,536,000,000 ordinary shares of Baht 1 each) to Baht 1,535,999,998 (1,535,999,998 ordinary shares of Baht 1 each) by cancelling 2 registered ordinary shares with a par value of Baht 1 each that are unissued. The Company registered the decrease in its registered share capital with the Ministry of Commerce on 7 May 2019.

### 25. Revaluation surplus

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Balance at beginning of year - net of income tax	4,102,659	4,049,446	2,057,910	1,944,873
Increase (decrease) from revaluation of assets				
- net of income tax	(1,622)	240,462	-	202,806
Decrease from sale of assets				
- net of income tax	-	(2,116)	-	(394)
<u>Less</u> depreciation on assets revaluation				
- net of income tax	(136,638)	(185,133)	(63,559)	(89,375)
Balance at end of year - net of income tax	<u>3,964,399</u>	<u>4,102,659</u>	<u>1,994,351</u>	<u>2,057,910</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside 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. The statutory reserve has fully been set aside.

### 27 Other income

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Restated)			
Income from insurance claim	100,077	70,868	42,654	27,353
Income from computer software	5,639	7,121	22,067	21,509
Rental income	14,315	24,359	981	12,052
Income from guaranteed loans	-	-	12,727	14,267
Office service income	-	-	20,931	17,196
Others	159,170	130,298	57,989	66,547
Total other income	<u>279,201</u>	<u>232,646</u>	<u>157,349</u>	<u>158,924</u>

### 28 Other gain (loss), net

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Gain (loss) from rubber derivative financial instruments	(450,090)	1,202,808	(311,867)	538,119
Gain (loss) from disposals and write-off fixed assets	(25,689)	(12,890)	(6,331)	(4,066)
Total other gain (loss), net	<u>(475,779)</u>	<u>1,189,918</u>	<u>(318,198)</u>	<u>534,053</u>



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### 29. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Restated)			
Changes in inventories of finished goods and work				
in progress	(159,785)	2,978,733	(27,759)	1,467,903
Raw materials and consumables used	43,038,353	48,350,703	20,713,755	24,936,677
Reduction of inventory cost to net realisable value				
(reversal)	(133,379)	(173,682)	(74,062)	(160,655)
Salaries and wages and other employee benefits	3,408,288	3,336,456	899,630	946,603
Depreciation	2,405,644	2,369,569	832,263	836,197
Amortisation - rubber and plantations	6,441	4,000	427	281
Amortisation - intangible assets	74,194	72,235	60,742	58,437
Transportation and distribution expense	1,473,904	1,771,854	703,505	931,537
Energy expense	2,525,169	2,388,798	548,340	585,267
Cess expense*	1,122,777	1,393,135	822,961	1,007,141

\* The cess expense is a fee charged to exporters of natural rubber products for the rubber replanting aid fund managed by the Office of the Rubber Authority of Thailand (RAOT) for the purpose of replanting support. Such fee is calculated based on exported quantity at the price on export dates multiplied by a fixed rate as agreed.

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### 30. Income tax

Tax expenses (income) for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Restated)			
<b>Current income tax:</b>				
Current income tax charge	217,282	406,365	(650)	4,621
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(232,856)	(161,663)	(33,255)	(57,542)
<b>Tax expense (income) reported in the statement of comprehensive income</b>	<u>(15,574)</u>	<u>244,702</u>	<u>(33,905)</u>	<u>(52,921)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax on loss from the change in value of available-for-sale investments	(920)	(1,302)	(891)	(1,159)
Deferred tax on gain (loss) from revaluation of land and buildings	(382)	59,688	-	50,701
Deferred tax on actuarial gain (loss)	4,675	4,548	4,935	(3,148)
Deferred tax on exchange differences from translating foreign currency financial statements	13,792	7,028	-	-
	<u>17,165</u>	<u>69,962</u>	<u>4,044</u>	<u>46,394</u>

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The reconciliation between accounting profit (loss) and tax expense (income) is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(Restated)			
Accounting profit (loss) before tax	(67,646)	2,406,203	(165,432)	1,620,219
Applicable tax rate	17 - 25%	17 - 25%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(37,288)	506,462	(33,086)	324,044
Share of profit from investments in associates and joint venture	(26,470)	(44,741)	-	-
Unused tax losses and deductible temporary difference were not recognised during the year	183,451	43,221	160,831	2,000
Utilisation of previously unused tax losses and deductible temporary unrecognised difference	-	(143,430)	-	(113,875)
Effects of:				
Promotional privileges (Note 31)	(48,111)	(53,775)	(311)	(21,389)
Exemption of income	(7,842)	(11,430)	(130,482)	(213,348)
Non-deductible expenses	74,030	71,256	44,811	31,533
Additional expense deductions allowed	(114,359)	(104,094)	(74,706)	(64,802)
Tax at concessionary rate of 10% see note (a)	(16,904)	(47,912)	-	-
Others	(22,081)	29,145	(962)	2,916
Total	(135,267)	(116,810)	(161,650)	(265,090)
Tax expense (income) reported in the statement of comprehensive income	(15,574)	244,702	(33,905)	(52,921)

### Additional information

- (a) On 11 May 2005, the Ministry of Trade and Industry of Singapore awarded the Global Trader Programme status to a subsidiary of the Group for the period from 1 April 2005 to 31 December 2009. Under this programme, income derived from qualifying trading transactions of approved products is taxed at the concessionary rate of 10%. On 16 February 2015, this status was extended from 1 January 2015 to 31 December 2019.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(Unit: Thousand Baht)				
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Restated)			
<b>Deferred tax assets</b>				
Unused tax losses	796,380	666,910	410,235	382,724
Unrealised losses on derivative financial instruments	13,041	24,138	13,980	22,053
Allowance for diminution in value of inventories	27,673	55,616	380	10,227
Cumulative loss from assets revaluation and allowance for asset impairment	45,466	46,000	17,711	17,711
Provision for retirement benefit obligations	79,967	69,455	25,249	23,623
Others	22,386	24,849	46	46
<b>Total</b>	<b>984,913</b>	<b>886,968</b>	<b>467,601</b>	<b>456,384</b>
<b>Deferred tax liabilities</b>				
Assets revaluation surplus	1,281,616	1,331,378	498,587	514,477
Fair value estimation of investment properties	12,578	12,578	12,578	12,578
Unrealised gains on derivative financial instruments	10,951	6,616	5,403	6,616
Others	2,221	74,540	1,910	2,801
<b>Total</b>	<b>1,307,366</b>	<b>1,425,112</b>	<b>518,478</b>	<b>536,472</b>
	<b>(322,453)</b>	<b>(538,144)</b>	<b>(50,877)</b>	<b>(80,088)</b>
<b>Deferred tax assets (liabilities) presented in the statements of financial position:</b>				
Deferred tax asset	284,240	236,110	-	-
Deferred tax liabilities	(606,693)	(774,254)	(50,877)	(80,088)
	<b>(322,453)</b>	<b>(538,144)</b>	<b>(50,877)</b>	<b>(80,088)</b>

As at 31 December 2019, the Group had deductible temporary differences and unused tax losses totaling Baht 2,303 million (the Company only: Baht 809 million) (2018: Baht 1,784 million, the Company only: Baht 756 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The Group had the unused tax losses amounting to Baht 2,180 million which will expire by 2037 (the Company only: Baht 787 million by 2024).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 31. Promotional privileges

The Group were granted certain privileges on their manufactures of concentrated latex, block rubber Skim Crepe and rubber gloves, which included among others, as follows:

- (a) Exemption from payment of import duty on imported machinery and equipment as approved by BOI committee
- (b) Exemption from payment of income tax for the period of eight years starting from the commencement date of the promoted business, and 50 percent reduced from the normal income tax rate for the next five years after the period of eight years is expired

As a promoted industry, the Group must comply with certain conditions and restrictions provided for in the promotional certificates.

The Group operating revenues for the years ended 31 December 2019 and 2018, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u>
Sales and service income						
Domestic sales and service income	5,532,918	6,297,128	15,274,840	13,290,733	20,807,758	19,587,861
Export sales and service income	15,900,182	25,945,426	47,395,741	51,705,500	63,295,923	77,650,926
Total sales and service income	21,433,100	32,242,554	62,670,581	64,996,233	84,103,681	97,238,787
Elimination					(23,817,309)	(24,102,852)
Total					60,286,372	73,135,935

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales and service income						
Domestic sales and service income	4,381,693	4,445,770	7,453,094	7,628,030	11,834,787	12,073,800
Export sales and service income	10,464,836	14,027,881	10,346,008	15,026,218	20,810,844	29,054,099
Total sales and service income	14,846,529	18,473,651	17,799,102	22,654,248	32,645,631	41,127,899

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 32. Earnings per share

Basic earnings per share is calculated by dividing the profit (loss) attributable to owners of the Company by the weighted average number of paid-up ordinary shares in issue during the years.

The basic earnings per share are as follows.

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit (loss) attributable to owners of the Company (Thousand Baht)	(148,536)	2,064,358	(131,527)	1,673,139
Weighted average number of ordinary shares (Thousand shares)	1,536,000	1,536,000	1,536,000	1,536,000
Basic earnings (losses) per share (Baht)	(0.10)	1.34	(0.09)	1.09

### 33. Segment information

The chief operating decision-maker has been identified as the Managing Director. The Managing Director reviews the Group's internal reporting regularly in order to assess performance and allocate resources. The Managing Director measures the business based on a measure of segment profit, which is derived on a basis consistent with the measurement of profit for the years in the consolidated financial statements.

Operating segments are defined as components of the Group for which separate financial statements available on a company basis is evaluated regularly by the Managing Director.

There are four reportable segments as follows:

- 1) Natural Rubber Products: This segment is engaged in manufacture, sale and trading of ribbed smoked sheets, concentrated latex and block rubbers. This segment also includes the manufacture and sale of powdered and powder-free latex examination gloves, escalator handrails, rubber injection-moulded goods, and high-pressure hydraulic hoses.
- 2) Engineering Business: This segment is engaged in the engineering services including research and development of machinery and production processes, and also providing information system services.
- 3) Plantation: This segment is engaged in plantations including rubber, palm and temperate fruits.
- 4) Other Businesses: This segment is engaged in logistics services and other services. These services are provided mainly to the Group, with minor services provided externally.

The Group operates across four business segments in seven main geographical areas. The allocation of revenue to each geographical area is based on the origin of sales.





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Reportable segments by geographical areas of consolidated financial statements for the year ended 31 December 2019 and 2018 are as follow:

For the year ended 31 December 2019										(Unit: Thousand Baht)		
	Natural rubber and gloves											
	United states of											
	Thailand	Indonesia	Singapore	America	China	Vietnam	Myanmar	Thailand	Others			
Revenues												
Revenues from external customers	40,842,960	2,423,188	13,845,552	366,083	2,756,736	7,633	-	17,960	324	25,936	-	60,286,372
Inter-segment revenues	12,865,325	6,865,070	244,967	-	-	-	330,594	2,273,611	23,912	1,213,831	(23,817,310)	-
Total revenues	53,708,285	9,288,258	14,090,519	366,083	2,756,736	7,633	330,594	2,291,571	24,236	1,239,767	(23,817,310)	60,286,372
Unallocated income and expenses												
Depreciation and												
amortisation	(2,031,041)	(357,054)	(9,623)	(284)	(2,000)	(2)	(4,976)	(22,961)	(38,803)	(19,535)	-	(2,486,279)
Finance income	83,912	5,015	28,750	-	808	3	-	1,379	60	1,441	(86,421)	34,947
Finance cost	(667,908)	(294,392)	(4,771)	(15,024)	-	-	(5,959)	-	(218)	(1,466)	99,148	(890,590)
Share of profit from												
investments in associates												
and joint venture	132,349	-	-	-	-	-	-	-	-	-	-	132,349
Profit (loss) before tax income												
(expense)	699,597	(358,697)	218,822	(67,458)	(4,522)	(2,167)	31,985	35,619	(89,531)	57,200	(588,494)	(67,646)
Tax income (expense)	(33,602)	80,241	(24,151)	12,836	(2,118)	-	-	(6,836)	214	(11,010)	-	15,574
Profit (loss) for the year	665,995	(278,456)	194,671	(54,622)	(6,640)	(2,167)	31,985	28,783	(89,317)	46,190	(588,494)	(52,072)
Total assets	59,322,684	4,336,603	5,478,069	218,483	836,439	23,133	211,816	1,009,306	6,821,647	4,201,345	(24,128,659)	58,330,866

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For the year ended 31 December 2018 (Restated)

	Natural rubber and gloves										(Unit: Thousand Baht)		
	United states of												
	Thailand	Indonesia	Singapore	America	China	Vietnam	Myanmar	Engineering	Plantation	Others	Thailand	Elimination	Consolidation
<b>Revenues</b>													
Revenues from external customers	50,412,314	2,743,088	16,628,389	307,914	2,890,650	-	1,014	121,221	1,708	29,637	-	-	73,135,935
Inter-segment revenues	13,326,408	7,629,132	403,897	-	29,179	-	375,971	1,306,700	7,493	1,024,072	(24,102,852)	-	-
<b>Total revenues</b>	<b>63,738,722</b>	<b>10,372,220</b>	<b>17,032,286</b>	<b>307,914</b>	<b>2,919,829</b>	<b>-</b>	<b>376,985</b>	<b>1,427,921</b>	<b>9,201</b>	<b>1,053,709</b>	<b>(24,102,852)</b>	<b>73,135,935</b>	
<b>Unallocated income and expenses</b>													
Depreciation and													
amortisation	(1,976,338)	(370,109)	(8,334)	(557)	(1,845)	-	(5,020)	(23,522)	(32,342)	(27,737)	-	-	(2,445,804)
Finance income	115,305	7,922	15,425	-	1,008	1	-	3,606	118	424	(114,400)	29,409	
Finance cost	(721,225)	(310,947)	(3,566)	(17,796)	-	-	(8,371)	-	(42)	(1,893)	128,667	(935,173)	
Share of profit from													
investments in associates													
and joint venture	223,703	-	-	-	-	-	-	-	-	-	-	-	223,703
<b>Profit (loss) before tax income</b>													
(expense)	3,339,020	(336,494)	600,502	(137,434)	162,971	346	12,329	47,230	(122,373)	(6,174)	(1,153,721)	2,406,202	
Tax income (expense)	(166,563)	33,348	(85,181)	27,456	(36,363)	-	-	(7,900)	(7,210)	(2,289)	-	(244,702)	
<b>Profit (loss) for the year</b>	<b>3,172,457</b>	<b>(303,146)</b>	<b>515,321</b>	<b>(109,978)</b>	<b>126,608</b>	<b>346</b>	<b>12,329</b>	<b>39,330</b>	<b>(129,583)</b>	<b>(8,463)</b>	<b>(1,153,721)</b>	<b>2,161,500</b>	
<b>Total assets</b>	<b>58,443,954</b>	<b>6,327,992</b>	<b>5,433,558</b>	<b>304,113</b>	<b>1,498,375</b>	<b>25,795</b>	<b>138,167</b>	<b>1,504,078</b>	<b>6,673,199</b>	<b>4,195,464</b>	<b>(26,130,275)</b>	<b>58,414,420</b>	



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### Geographic information

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

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
		(Restated)
Revenue from external customers		
Thailand	11,028,004	11,122,906
China	20,298,760	30,743,411
Others	28,959,608	31,269,618
Total	<u>60,286,372</u>	<u>73,135,935</u>
Non-current assets (other than, deferred tax assets)		
Thailand	32,762,123	30,847,642
Indonesia	2,558,913	2,887,973
Others	182,783	216,778
Total	<u>35,503,819</u>	<u>33,952,393</u>

### Major customers

For the year 2019 and 2018, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

### **34. Provident fund**

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group and its employees contribute to the fund monthly at the fix rate of basic salary. The fund will be paid to employees upon termination in accordance with the fund rules. During the year 2019, the Group contributed Baht 33 million (2018: Baht 31 million) to the fund, and the Company only contributed Baht 10 million (2018: Baht 11 million). These contributions were recognised as expenses.

### **35. Dividends**

		(Unit: Million Baht)	
<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
Interim dividends from the operating for the six-month period ended 30 June 2018	Board of Directors' meeting on 30 August 2018	<u>384</u>	<u>0.25</u>
Final dividends for 2018	Annual General Meeting of the shareholders on 30 April 2019	<u>614</u>	<u>0.40</u>

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### 36. Commitments and contingent liabilities

#### 36.1 Sales and purchases commitments

The Group is committed to certain sales and purchases related to finished goods from natural rubber. Some of the contractual prices are fixed and settled at future dates and some for which the contractual prices are not determined at the contract date. However, the values of these commitments are presented at the fixed contractual prices or the market prices at the end of the period in case the contractual price are not determined at the contract date as follows.

	(Unit: Thousand Baht)	
	As at 31 December 2019	
	Consolidated financial statements	Separate financial statements
<b>Purchases from:</b>		
Joint venture	541,592	-
Third parties	205,173	-
	<u>746,765</u>	<u>-</u>
<b>Sales to:</b>		
Subsidiaries	-	4,460,728
Third parties	14,179,560	9,330,102
	<u>14,179,560</u>	<u>13,790,830</u>

#### 36.2 Capital commitments

The Group had capital commitments as follows.

	(Unit: Thousand Baht)	
	As at 31 December 2019	
	Consolidated financial statements	Separate financial statements
Capital commitments - purchase of fixed assets	<u>277,884</u>	<u>39,690</u>

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### 36.3 Commitments from guarantees on borrowings of subsidiaries and contingent liabilities

36.3.1 The Company had outstanding balance of commitments from guarantees on the borrowings of subsidiaries as follows.

Currencies	As at 31 December 2019	
	Consolidated financial statements /	
	Separate financial statements	(Equivalent)
	Amount	Million Baht
Million USD	5	151
Billion IDR	518	1,125
Total		1,276

36.3.2 As at 31 December 2019, there were outstanding bank guarantees of Baht 156 million issued by banks on behalf of the Group primarily to guarantee electricity usage. The subsidiaries had pledged its fixed deposits of Baht 1 million to guarantee electricity usage.

36.3.3 As at 31 December 2019, the Group had a credit facility of standby-letters of credit totaling USD 10 million, or approximately Baht 302 million.

### 36.4 Operating lease commitments - where the Group are the lessee

The future aggregate minimum lease payments under non-cancellable operating leases of the Group was as follows.

	(Unit: Thousand Baht)	
	As at 31 December 2019	
	Consolidated financial statements	Separate financial statements
Not later than 1 year	159,519	73,610
Later than 1 year but not later than 5 years	142,570	59,127
Over 5 years	92,822	-
Total	394,911	132,737

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### 37. Fair value measurements

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows.

(Unit: Thousand Baht)				
Consolidated financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale financial assets				
- equity securities	41,898	-	-	41,898
Derivative financial instruments (Note 10)	17,065	45,551	-	62,616
Property, plant and equipment	-	-	17,505,063	17,505,063
Investment properties	-	-	190,332	190,332
<b>Liabilities measured at fair value</b>				
Derivative financial instruments (Note 10)	92,304	50,941	-	143,245
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	1,463,776	-	1,463,776

(Unit: Thousand Baht)				
Consolidated financial statements				
As at 31 December 2018 (Restated)				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale financial assets				
- equity securities	46,498	-	-	46,498
Derivative financial instruments (Note 10)	45,413	14,188	-	59,601
Property, plant and equipment	-	-	17,481,332	17,481,332
Investment properties	-	-	201,528	201,528
<b>Liabilities measured at fair value</b>				
Derivative financial instruments (Note 10)	106,524	64,879	-	171,403
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	2,256,828	-	2,256,828



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	Separate financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale financial assets				
- equity securities	41,726	-	-	41,726
Derivative financial instruments (Note 10)	12,185	14,830	-	27,015
Property, plant and equipment	-	-	6,438,375	6,438,375
Investment properties	-	-	75,663	75,663
<b>Liabilities measured at fair value</b>				
Derivative financial instruments (Note 10)	65,453	4,902	-	70,355
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	1,463,776	-	1,463,776

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale financial assets				
- equity securities	46,182	-	-	46,182
Derivative financial instruments (Note 10)	30,742	2,337	-	33,079
Property, plant and equipment	-	-	6,487,424	6,487,424
Investment properties	-	-	75,663	75,663
<b>Liabilities measured at fair value</b>				
Derivative financial instruments (Note 10)	95,302	16,030	-	111,332
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	2,256,828	-	2,256,828

During the current period, there was no transfer within the fair value hierarchy.

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### 38. Financial instruments

#### 38.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Thus, risk management plan for the Group focusing on the fluctuation of financial market to reduce the effect of risk to the Group's operations. The Group used financial instruments to protect potential risk.

Risk management is carried out under supervision by the Group management, who identifies, evaluates and hedges financial risks but does not apply hedge accounting.

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

##### ***Credit risk***

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, notes and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does 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 receivables, loans, other receivables and notes receivable as stated in the statement of financial position.

##### ***Interest rate risk***

The Group's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, debentures and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.



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As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate 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.

((Unit: Thousand Baht))

Consolidated financial statements as at 31 December 2019							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years	Over 5 years				
<b>Financial Assets</b>							
Cash and cash equivalent	639,332	-	-	943,785	798,706	2,381,823	0.05 - 4.00
Trade and other receivables	-	-	-	-	4,978,434	4,978,434	-
Amounts due from future brokers	729,666	-	-	-	-	729,666	(1)
Deposits at bank with restrictions	-	702	-	-	-	702	1.25
Long-term investments	-	-	-	-	109,898	109,898	-
<b>Total</b>	<b>1,368,998</b>	<b>702</b>	<b>-</b>	<b>943,785</b>	<b>5,887,038</b>	<b>8,200,523</b>	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	2,528,645	2,528,645	-
Short-term borrowings from financial institutions	15,560,241	-	-	1,388,696	-	16,948,937	(1) , (2)
Debentures	-	1,455,000	-	-	-	1,455,000	(1)
Finance lease liabilities	20,728	16,321	-	-	-	37,049	(1)
Long-term borrowings from financial institutions	849,276	606,626	-	9,039,763	-	10,495,665	(1) , (2) , (3)
<b>Total</b>	<b>16,430,245</b>	<b>2,077,947</b>	<b>-</b>	<b>10,428,459</b>	<b>2,528,645</b>	<b>31,465,296</b>	



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((Unit: Thousand Baht))

### Consolidated financial statements as at 31 December 2018 (Restated)

	Fixed interest rates						
	Within	1 - 5	Over	Floating	Non- interest		Effective
	1 year	years	5 years	interest rate	bearing	Total	interest rate
<u>Financial Assets</u>							
Cash and cash equivalent	1,027,474	-	-	764,893	2,466,796	4,259,163	0.37 - 0.50
Trade and other receivables	-	-	-	-	5,969,543	5,969,543	-
Amounts due from future brokers	976,275	-	-	-	-	976,275	(1)
Deposits at bank with restrictions	-	27,428	-	-	-	27,428	0.9 - 1.4
Long-term investments	-	-	-	-	136,498	136,498	-
Total	2,003,749	27,428	-	764,893	8,572,837	11,368,907	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	2,676,958	2,676,958	-
Short-term borrowings from financial							
institutions	13,304,952	-	-	2,461,955	-	15,766,907	(1)
Debentures	810,000	1,455,000	-	-	-	2,265,000	(1)
Finance lease liabilities	20,693	29,040	-	-	-	49,733	(1) , 5.2
Long-term borrowings from							
financial institutions	489,222	1,793,814	-	7,419,165	-	9,702,201	(2)
Total	14,624,867	3,277,854	-	9,881,120	2,676,958	30,460,799	



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(Unit: Thousand Baht)

	Separate financial statements as at 31 December 2019						
	Fixed interest rates			Floating interest rate	Non - interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years	Over 5 years				
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	47,728	142,428	190,156	0.3 - 0.6
Trade and other receivables	-	-	-	-	2,592,916	2,592,916	-
Amounts due from future brokers	30,384	-	-	-	-	30,384	(1)
Long-term loans to subsidiaries	839,348	599,534	-	-	-	1,438,882	(1)
Long-term investments	-	-	-	-	109,726	109,726	-
Total	869,732	599,534	-	47,728	2,845,070	4,362,064	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	987,831	987,831	-
Short-term borrowings from financial institutions	13,502,988	-	-	-	-	13,502,988	(1)
Short-term borrowings from subsidiaries	160,000	-	-	-	-	160,000	(1)
Debentures	-	1,455,000	-	-	-	1,455,000	(1)
Finance lease liabilities	3,497	3,190	-	-	-	6,687	(1)
Long-term borrowings from financial institutions	849,276	606,626	-	2,246,350	-	3,702,252	(1) , (2)
Total	14,515,761	2,064,816	-	2,246,350	987,831	19,814,758	



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(Unit: Thousand Baht)

Separate financial statements as at 31 December 2018

	Fixed interest rates			Floating interest rate	Non - interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years	Over 5 years				
<b>Financial Assets</b>							
Cash and cash equivalent	-	-	-	106,024	275,791	381,815	(1)
Trade and other receivables	-	-	-	-	3,233,143	3,233,143	-
Amounts due from future brokers	31,300	-	-	-	-	31,300	(1)
Long-term loans to subsidiaries	742,550	1,775,664	-	-	-	2,518,214	(1)
Long-term investments	-	-	-	-	136,182	136,182	-
<b>Total</b>	<b>773,850</b>	<b>1,775,664</b>	<b>-</b>	<b>106,024</b>	<b>3,645,116</b>	<b>6,300,654</b>	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	1,417,779	1,417,779	-
Short-term borrowings from financial institutions	11,320,258	-	-	-	-	11,320,258	(1)
Short-term borrowings from subsidiaries	300,000	-	-	-	-	300,000	(1)
Debentures	810,000	1,455,000	-	-	-	2,265,000	(1)
Finance lease liabilities	3,786	5,756	-	-	-	9,542	(1)
Long-term borrowings from financial institutions	489,222	1,793,814	-	2,671,350	-	4,954,386	(2)
<b>Total</b>	<b>12,923,266</b>	<b>3,254,570</b>	<b>-</b>	<b>2,671,350</b>	<b>1,417,779</b>	<b>20,266,965</b>	

(1) Fixed rate per annum

(2) MLR less fixed rate per annum

(3) THBFIX6M plus fixed rate per annum



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### Interest rate sensitivity analysis

The Group's interest rate risk arises from borrowings. Borrowings on which interest is charged at floating rates expose the Group to risk in respect of interest cash flows.

If the interest rate changes by 0.25% per annum (2018: 0.25% per annum), with all other variables held constant, the impact of floating rate borrowings on profit before tax would be as follows:

	(Unit: Thousand Baht)			
	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Impact to profit before tax</b>				
<b>in the statements of comprehensive income</b>				
- Decrease in interest rate by 0.25%				
Pre-tax profit increase	15,374	15,803	5,616	6,678
- Increase in interest rate by 0.25%				
Pre-tax profit decrease	(15,374)	(15,803)	(5,616)	(6,678)

### **Foreign currency risk**

The Group's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	102.4	149.5	72.6	109.5	30.1540	32.4498
Japan yen	987.6	1,086.6	-	-	0.2759	0.2931
Singapore dollar	0.7	2.9	0.2	0.3	22.3245	23.6943
China yuan	61.8	10.6	-	-	4.3147	4.7237
Euro	-	0.1	-	-	33.7311	37.1252

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As at 31 December 2019

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	92.9	147.1	59.1	83.6	30.1540	32.4498
Singapore dollar	0.1	2.5	-	-	22.3245	23.6943

In addition, the Group's exposures to foreign currency risk arises from investments in overseas subsidiaries companies and an indirect joint venture which were unhedged. The management of the Group intend to hold such investments for the long term, and have no plans to dispose of them in the future.

### Foreign currency sensitivity analysis

The Group operates internationally and is exposed to foreign exchange risk in respect of various foreign currencies, primarily the US dollar and Indonesian rupiah. Foreign exchange risk arises from commercial transactions, net investment in foreign operations and borrowings. If the exchange rate of the Thai Baht changes by 2.56% (2018: 0.25%) against the US dollar and by 3.76% (2018: 4.21%) against the Indonesian rupiah, with all other variables held constant, profit before tax and shareholders' equity would be affected as follows:

(Unit: Thousand Baht)				
As at 31 December				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Impact to profit before tax</b>				
<b>in the statements of comprehensive income</b>				
THB against USD				
- Weakened	(47,599)	9,438	(4,111)	(686)
- Strengthened	47,599	(9,438)	4,111	686
THB against IDR				
- Weakened	(40,497)	(77,626)	-	-
- Strengthened	40,497	77,626	-	-

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(Unit: Thousand Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Impact to shareholders' equity</b>				
<b>in the statements of financial position</b>				
THB against USD				
- Weakened	(148,149)	15,240	-	-
- Strengthened	148,149	(15,240)	-	-
THB against IDR				
- Weakened	35,684	60,816	-	-
- Strengthened	(35,684)	(60,816)	-	-

### ***Risk from fluctuation in raw materials and finished goods prices***

The Group is exposed to commodity price risk from the natural rubber industry. The Group have managed the risks arising from price fluctuations by managing raw material sourcing using rubber options, rubber futures, and physical forward contracts to hedge the risk from fluctuation in such prices.

#### Commodity price sensitivity analysis

The Group uses derivative instruments to manage commodity price risk exposure. If the price of natural rubber changes by 2.23% (2018: 4.11%), with all other variables held constant, profit before tax for the years would be affected as follows:

(Unit: Thousand Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Impact to profit before tax</b>				
<b>in the statements of comprehensive income</b>				
- Decrease in price of natural rubber				
Pre-tax profit decrease	(53,846)	(167,811)	(39,117)	(137,227)
- Increase in price of natural rubber				
Pre-tax profit increase	53,846	167,811	39,117	137,227

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### **Liquidity risk**

The Group monitors its liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Group's maturity grouping based on the remaining periods at the date of statements of financial position to the contractual maturity date based on notional amount. The positive figures represent cash to be inflows and negative figures represent cash to be outflows due to be mature.

The amounts disclosed below are the contractual undiscounted cash flows.

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2019				
	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term borrowings					
from financial institutions	(17,274,989)	-	-	-	(17,274,989)
Trade accounts payable	(1,049,514)	-	-	-	(1,049,514)
Accrued expenses	(887,490)	-	-	-	(887,490)
Long-term borrowings					
from financial institutions	(2,823,648)	(3,110,558)	(5,032,589)	(930,476)	(11,897,271)
Debentures	(45,105)	(1,472,177)	-	-	(1,517,282)
Finance lease liabilities	(21,981)	(9,679)	(7,462)	-	(39,122)
Derivative financial instruments					
- Interest rate swaps	(1,696,500)	-	-	-	(1,696,500)
- Rubber futures (Buy)	(252,219)	-	-	-	(252,219)
- Rubber futures (Sell)	1,972,101	-	-	-	1,972,101
- Forward foreign exchange contracts (Buy)	(924,411)	-	-	-	(924,411)
- Forward foreign exchange contracts (Sell)	3,209,776	-	-	-	3,209,776
- Physical forward contracts (Sell)	60,213	-	-	-	60,213
- Foreign exchange options (Buy)	(7,327,422)	-	-	-	(7,327,422)
- Foreign exchange options (Sell)	2,713,860	-	-	-	2,713,860
- Rubber options (Buy)	(137,864)	-	-	-	(137,864)
- Rubber options (Sell)	68,932	-	-	-	68,932

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(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2018 (Restated)				
	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term borrowings					
from financial institutions	(15,809,280)	-	-	-	(15,809,280)
Trade accounts payable	(1,337,965)	-	-	-	(1,337,965)
Accrued expenses	(793,640)	-	-	-	(793,640)
Long-term borrowings					
from financial institutions	(1,786,537)	(2,707,435)	(5,107,162)	(1,106,194)	(10,707,328)
Debentures	(868,535)	(42,978)	(1,476,430)	-	(2,387,943)
Finance lease liabilities	(22,660)	(22,243)	(8,354)	-	(53,257)
Derivative financial instruments					
- Cross currency swap	(256,720)	-	-	-	(256,720)
- Rubber futures (Buy)	(557,878)	-	-	-	(557,878)
- Rubber futures (Sell)	3,653,778	-	-	-	3,653,778
- Forward foreign exchange contracts (Buy)	(516,166)	-	-	-	(516,166)
- Forward foreign exchange contracts (Sell)	2,760,290	-	-	-	2,760,290
- Physical forward contracts (Buy)	(10,346)	-	-	-	(10,346)
- Physical forward contracts (Sell)	24,499	-	-	-	24,499
- Foreign exchange options (Buy)	(1,297,992)	-	-	-	(1,297,992)
- Foreign exchange options (Sell)	2,368,835	-	-	-	2,368,835
- Rubber options (Buy)	(69,606)	-	-	-	(69,606)
- Rubber options (Sell)	20,606	-	-	-	20,606

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(Unit: Thousand Baht)

	Separate financial statements as at 31 December 2019				
	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term borrowings					
from financial institutions	(13,818,860)	-	-	-	(13,818,860)
Trade accounts payable	(473,928)	-	-	-	(473,928)
Accrued expenses	(303,042)	-	-	-	(303,042)
Long-term borrowings					
from financial institutions	(1,802,977)	(1,599,246)	(475,163)	-	(3,877,386)
Debentures	(45,105)	(1,472,177)	-	-	(1,517,282)
Finance lease liabilities	(3,735)	(1,775)	(1,578)	-	(7,088)
Derivative financial instruments					
- Rubber futures (Buy)	(163,322)	-	-	-	(163,322)
- Rubber futures (Sell)	1,379,771	-	-	-	1,379,771
- Forward foreign exchange contracts (Sell)	666,403	-	-	-	666,403
- Foreign exchange options (Buy)	(3,844,635)	-	-	-	(3,844,635)
- Foreign exchange options (Sell)	1,447,392	-	-	-	1,447,392
- Rubber options (Buy)	(137,864)	-	-	-	(137,864)
- Rubber options (Sell)	68,932	-	-	-	68,932





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(Unit: Thousand Baht)

	Separate financial statements as at 31 December 2018				
	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term borrowings					
from financial institutions	(11,331,633)	-	-	-	(11,331,633)
Trade accounts payable	(874,598)	-	-	-	(874,598)
Accrued expenses	(333,573)	-	-	-	(333,573)
Long-term borrowings					
from financial institutions	(1,112,340)	(2,098,630)	(2,117,765)	-	(5,328,735)
Debentures	(868,535)	(42,978)	(1,476,430)	-	(2,387,943)
Finance lease liabilities	(4,124)	(6,072)	-	-	(10,196)
Derivative financial instruments					
- Cross currency swap	(256,720)	-	-	-	(256,720)
- Rubber futures (Buy)	(230,998)	-	-	-	(230,998)
- Rubber futures (Sell)	3,014,029	-	-	-	3,014,029
- Forward foreign exchange contracts (Sell)	324,498	-	-	-	324,498
- Foreign exchange options (Buy)	(713,896)	-	-	-	(713,896)
- Foreign exchange options (Sell)	2,239,036	-	-	-	2,239,036
- Rubber options (Buy)	(69,606)	-	-	-	(69,606)
- Rubber options (Sell)	20,606	-	-	-	20,606

### 38.2. Fair values of financial instruments

Since the majority of the Group' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position. For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Group had considered to counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

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### 39. Financial instruments by category

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2019			
	Assets at fair value			
	Through the profit and loss	Through the comprehensive income	Other financial assets	Total
<b>Assets as per statement of financial position</b>				
Cash and cash equivalents	-	-	2,381,823	2,381,823
Derivative financial instruments	62,616	-	-	62,616
Trade accounts receivable, net	-	-	4,691,586	4,691,586
Amounts due from future brokers	-	-	729,666	729,666
Fixed deposits pledged as collateral	-	-	702	702
Long-term investments	-	41,898	68,000	109,898
<b>Total</b>	<b>62,616</b>	<b>41,898</b>	<b>7,871,777</b>	<b>7,976,291</b>

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2019		
	Liabilities at fair value		
	through the profit and loss	Other financial liabilities	Total
<b>Liabilities as per statement of financial position</b>			
Trade accounts payable	-	1,049,514	1,049,514
Short-term borrowings from financial institutions	-	16,948,937	16,948,937
Derivative financial instruments	143,245	-	143,245
Long-term borrowings from financial institutions	-	10,495,665	10,495,665
Debentures	-	1,455,000	1,455,000
Finance lease liabilities	-	37,049	37,049
<b>Total</b>	<b>143,245</b>	<b>29,986,165</b>	<b>30,129,410</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2018 (Restated)			
	Assets at fair value			
	Through the Through the profit and loss	Through the comprehensive income	Other financial assets	Total
<b>Assets as per statement of financial position</b>				
Cash and cash equivalents	-	-	4,259,163	4,259,163
Derivative financial instruments	59,601	-	-	59,601
Trade accounts receivable, net	-	-	5,192,232	5,192,232
Amounts due from future brokers	-	-	976,275	976,275
Fixed deposits pledged as collateral	-	-	27,428	27,428
Long-term investments	-	46,498	90,000	136,498
Total	59,601	46,498	10,545,098	10,651,197

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2018 (Restated)		
	Liabilities		
	at fair value		
	through the profit	Other	
	and loss	financial liabilities	Total
<b>Liabilities as per statement of financial position</b>			
Trade accounts payable	-	1,337,965	1,337,965
Short-term borrowings from financial institutions	-	15,766,907	15,766,907
Derivative financial instruments	171,403	-	171,403
Long-term borrowings from financial institutions	-	9,702,201	9,702,201
Debentures	-	2,265,000	2,265,000
Finance lease liabilities	-	49,733	49,733
<b>Total</b>	<b>171,403</b>	<b>29,121,806</b>	<b>29,293,209</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Thousand Baht)

	Separate financial statements		
	31 December 2019		
	Assets at fair value		
	Through the profit and loss	Through the comprehensive income	Other financial assets
			Total
<b>Assets as per statement of financial position</b>			
Cash and cash equivalents	-	-	190,156
Derivative financial instruments	27,015	-	-
Trade accounts receivable, net	-	-	2,501,398
Amounts due from future brokers	-	-	30,384
Long-term borrowings to subsidiaries	-	-	1,438,882
Long-term investments	-	41,726	68,000
<b>Total</b>	<b>27,015</b>	<b>41,726</b>	<b>4,228,820</b>

(Unit: Thousand Baht)

	Separate financial statements		
	31 December 2019		
	Liabilities at fair value		
	through the profit and loss	Other financial liabilities	Total
<b>Liabilities as per statement of financial position</b>			
Trade accounts payable	-	473,928	473,928
Short-term borrowings from financial institutions	-	13,502,988	13,502,988
Derivative financial instruments	70,355	-	70,355
Long-term borrowings from financial institutions	-	3,702,252	3,702,252
Debentures	-	1,455,000	1,455,000
Finance lease liabilities	-	6,687	6,687
<b>Total</b>	<b>70,355</b>	<b>19,140,855</b>	<b>19,211,210</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2018			
	Assets at fair value			
	Through the profit and loss	Through the comprehensive income	Other financial assets	Total
<b>Assets as per statement of financial position</b>				
Cash and cash equivalents	-	-	381,815	381,815
Derivative financial instruments	33,079	-	-	33,079
Trade accounts receivable, net	-	-	3,079,217	3,079,217
Amounts due from future brokers	-	-	31,300	31,300
Long-term borrowings to subsidiaries	-	-	2,518,214	2,518,214
Long-term investments	-	46,182	90,000	136,182
<b>Total</b>	<b>33,079</b>	<b>46,182</b>	<b>6,100,546</b>	<b>6,179,807</b>

(Unit: Thousand Baht)

	Separate financial statements		
	31 December 2018		
	Liabilities at fair value		
	through the profit and loss	Other financial liabilities	Total
<b>Liabilities as per statement of financial position</b>			
Trade accounts payable	-	874,598	874,598
Short-term borrowings from financial institutions	-	11,320,258	11,320,258
Derivative financial instruments	111,332	-	111,332
Long-term borrowings from financial institutions	-	4,954,386	4,954,386
Debentures	-	2,265,000	2,265,000
Finance lease liabilities	-	9,542	9,542
<b>Total</b>	<b>111,332</b>	<b>19,423,784</b>	<b>19,535,116</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2019

### 40. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if any) or to historical information about counterparty default rates:

Group 1: New other customers/related parties (less than 6 months)

Group 2: Existing customers/related parties (more than 6 months) with no defaults in the past

Group 3: Existing customers/related parties (more than 6 months) with some defaults in the past that were fully recovered

Maintenance margins are held with high quality counterparties with no history of default. None of the financial assets that are fully performing had been renegotiated during the financial year.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Restated)			
<b>Deposits held at call with banks</b>				
Aa1	270,661	705,142	-	-
Aa3	303,902	502,224	136	689
A1	269,818	511,612	1,888	4,797
Ba1	-	208	-	173
Ba3	3,762	126,197	-	-
Baa1	1,283,503	1,131,002	175,730	340,521
Baa2	108,924	1,266,632	1,938	31,185
No rating	110,950	3,180	-	-
Total deposits held at call with banks	<u>2,351,520</u>	<u>4,246,197</u>	<u>179,692</u>	<u>377,365</u>

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Restated)			
<b>Trade accounts receivable</b>				
Counterparties without external credit rating				
Group 1	374,014	355,425	169,301	141,208
Group 2	4,317,557	4,763,895	1,955,190	2,938,009
Group 3	14	17,462	-	-
Total unimpaired trade accounts receivable	<u>4,691,585</u>	<u>5,136,782</u>	<u>2,124,491</u>	<u>3,079,217</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
As at 31 December 2019

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u>2019</u> <u>2018</u> (Restated)	<u>2019</u> <u>2018</u>
<b>Derivative financial instruments</b>		
Counterparties with external credit rating		
Aa1	15,700	40,699
Aa2	-	8,884
Aa3	721	-
Baa1	40,881	2,337
Counterparties without external credit rating		
Group 2	5,314	7,681
Total derivative financial instruments (Note 10)	62,616	59,601

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u>2019</u> <u>2018</u> (Restated)	<u>2019</u> <u>2018</u>
<b>Fixed deposits pledged as collateral</b>		
Baa1	702	27,428
Total fixed deposits pledged as collateral (Note 11)	702	27,428

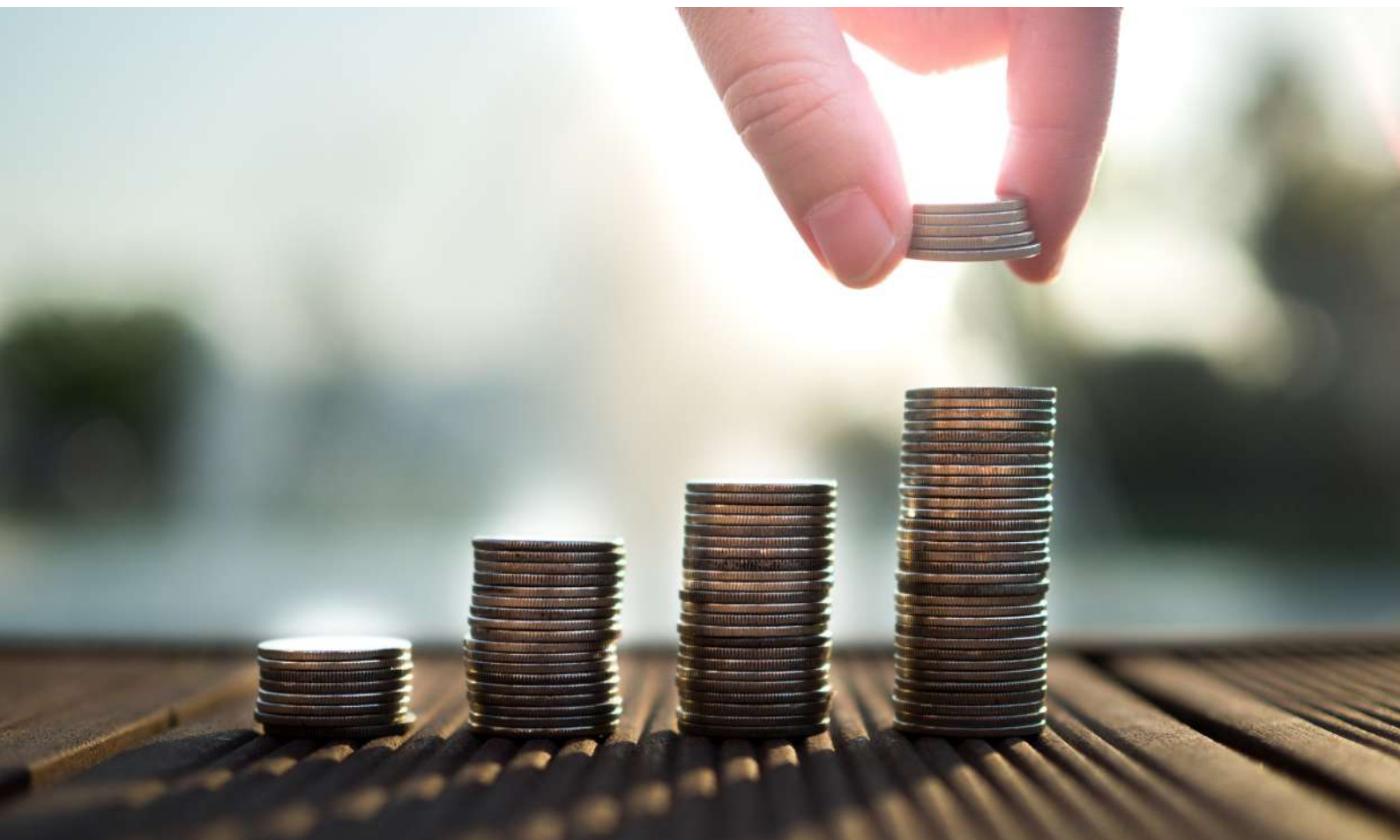
### 41. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio were 1.29 (2018: 1.22) and the Company's was 1.01 (2018: 1.00).

### 42. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2020.

## Auditor's Remuneration



### Audit Fee

The audit fee for the year 2019 of STA and its subsidiaries located in Thailand amounted to Baht 9.62 million, which consisted of the fee for the audit of stand-alone financial statements in the amount of Baht 6.10 million and the fee for the audit of STA's subsidiaries located in Thailand in the amount of Baht 3.52 million.

### Non-Audit Fee

The non-audit fee for the year 2019 of STA and its subsidiaries was for the BOI and tax consultancy services in the amount of Baht 7.97 million, of which the Company paid in the amount of Baht 4.66 million and the rest will be paid upon completion of the service which was agreed upon in the past financial year.

# General Information

## Information of the Company

Name of the Company (Thai)	:	บริษัท ศรีตรังแอโกรินดัสทรี จำกัด (มหาชน)
Name of the Company (English)	:	Sri Trang Agro-Industry Public Company Limited
Head Office	:	10 Soi 10, Phetkasem Road, Hatyai, Songkhla, 90110 Thailand
Telephone	:	66-7434-4663 (Automatic 14 Lines)
Fax	:	66-7434-4677, 66-7423-7423, 66-7423-7832
Type of Business	:	Production and export of RSS, TSR and Concentrated Latex
Registration No.	:	0107536001656
Website	:	<a href="http://www.sritranggroup.com">www.sritranggroup.com</a>
Type of Shares	:	Ordinary shares
Registered Capital	:	Baht 1,535,999,998
Paid-up Capital	:	Baht 1,535,999,998
Issued Shares	:	1,535,999,998 shares with a par value of Baht 1 each



**Information of juristic persons in which the Company holds more than 10% of the issued shares of such juristic persons as of 31 December 2019**

**1 Nam Hua Rubber**

Head Office	:	10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
Branch Office	:	1. 99 Moo 3 Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand 2. 41 Moo 3 Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand
Type of Business	:	Production and export of RSS, TSR and Concentrated Latex
Telephone	:	66-7437-9984-6, 66-7437-9988-9
Fax	:	66-7437-9987
Type of Shares	:	Ordinary shares

**Total number of shares directly held by STA : 4,999,994 shares or 99.99%**

**2 Anvar Parawood**

Head Office	:	101 Moo 3, Padangbazar Road, Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand
Branch Office	:	1. 369 Moo 7, Huay Nang Subdistrict, Huay Yod District, Trang Province, 92130 Thailand 2. 395 Moo 2, Nonsomboon Subdistrict, Mueang Bungkarn District, Bungkarn Province, 38000 Thailand 3. 28 Moo 11, Nongpra Subdistrict, Wangthong District, Phitsanulok Province, 65130 Thailand
Type of Business	:	Lumber production and manufacture of wooden furniture
Telephone	:	66-7437-9978-9
Fax	:	66-7437-9976
Type of Shares	:	Ordinary shares

**Total number of shares directly held by STA : 9,994 shares or 99.94%**

**3 Premier System Engineering**

Head Office	:	123 Moo 8, Kanjanavanit Road, Ban Phu Subdistrict, Hatyai District, Songkhla Province, 90250 Thailand
Branch Office	:	133 Rak Phu Road, Ban Phu Subdistrict, Hatyai District, Songkhla Province, 90250 Thailand
Type of Business	:	Engineering services, design, installation and maintenance machinery
Telephone	:	66-7422-2900-9
Fax	:	66-7422-2910-12
Type of Shares	:	Ordinary shares

**Total number of shares directly held by STA : 409,996 shares or 81.99%**

#### 4 Rubberland Products

Head Office	:	109 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	:	1. 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand 2. 17 <sup>th</sup> Floor, Park Venture Ecoplex Unit 1701, 1707-1712, 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand 3. 338 Moo 2, Nonsomboon Subdistrict, Mueang Bungkan District, Bungkan Province, 38000 Thailand 4. 338 Moo 1, Kokma Subdistrict, Prakonchai District, Burirum Province, 31140 Thailand 5. 188 Moo 10, Bangsaiyai Subdistrict, Mueang Mukdahan Subdistrict, Mukdahan Province, 49000 Thailand
Type of Business	:	Production of Concentrated Latex/ Block rubber
Telephone	:	66-7429-1223-4, 66-7429-1755, 66-7429-1476
Fax	:	66-7429-1477
Type of Shares	:	Ordinary shares

Total number of shares directly held by STA : 15,999,994 shares or 99.99%

#### 5 Sri Trang Gloves (Thailand) Public Company Limited

Head Office	:	110 Kanjanavanit Road, Pahtong Subdistrict Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	:	1. 10 Soi 10, Phetkasem Road, Hatyai Subdistrict Hatyai District, Songkhla Province, 90110 Thailand 2. 17th Floor, Park Venture Ecoplex Unit 1701, 1707-1712, 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand 3. 109/2 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand 4. 352 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand 5. 189 Moo 7, Plaiwas Subdistrict, Karnchanadit District, Surat Thani Province, 84160 Thailand 6. 39/1 Moo 9, Tungkai Subdistrict, Yantakao District, Trang Province, 92140 Thailand 7. 85 Moo 6, Khuan Thani, Kantang, Trang, 92110, Thailand
Type of Business	:	Production of examination and industrial gloves
Telephone	:	66-7447-1471, 66-7429-1648-9, 66-7429-1471-5, 66-7520-1199
Fax	:	66-7429-1650, 66-7520-1150
Type of Shares	:	Ordinary shares

Total number of shares directly held by STA : 725,037,300 shares or 73.2%\*

Note: \* Calculated from the paid-up capital at Baht 990,000,000 million.

## A subsidiary of Sri Trang Gloves (Thailand) PCL.

### 5.1 Shi Dong Shanghai Medical Equipment

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Head Office	:	5 <sup>th</sup> Floor, Block B of W Square, No. 1686 Wuzhong Road, Minhang District, Shanghai, China 201103
Type of Business	:	Distribution of rubber gloves in PRC
Telephone	:	8621-64137860-616
Fax	:	8621-64137315
Type of Shares	:	Ordinary shares

**Total number of shares directly held by STGT : 100.00%**

### 5.2 Sri Trang USA

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Head Office	:	5820 West Cypress Street, Suite H, Tampa, Florida, 33607-1785, United States
Type of Business	:	Distribution of natural rubber and gloves in the United States
Telephone	:	1-813-606-4301
Fax	:	1-813-606-4314
Type of Shares	:	Common stock

**Total number of shares directly held by STGT : 100.00%**

## 6 Semperflex Asia

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Head Office	:	110/1 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	:	10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
Type of Business	:	Production of high-pressure Hydraulic hoses
Telephone	:	66-7447-1231-5
Fax	:	66-7447-1230
Type of Shares	:	Ordinary shares

**Total number of shares directly held by STA : 1,425,000 shares or 37.50%**



#### 7 Sadao P.S. Rubber

Head Office	:	207/1 Padangbazar Road, Sadao Subdistrict, Sadao District, Songkhla Province, 90120 Thailand
Type of Business	:	Production of RSS
Telephone	:	66-7446-0483-5, 66-86489-5264-5
Fax	:	66-7446-0484
Type of Shares	:	Ordinary shares

Total number of shares directly held by STA : 399,994 shares or 99.99%

#### 8 Starlight Express Transport

Head Office	:	13/1 Jingjit Road, Thupthiang Subdistrict, Mueang District, Trang Province, 92000 Thailand
Type of Business	:	Provision of domestic logistics services
Telephone	:	66-7550-2900-2
Fax	:	66-7550-2903
Type of Shares	:	Ordinary shares

Total number of shares directly held by STA : 114,998 shares or 76.66%

#### 9 Startex Rubber

Head Office	:	36/82 PS Tower 23Fl. Sukhumvit 21 Road (Asoke), Klong Toe Nua Subdistrict, Watana District, Bangkok, 10110 Thailand
Type of Business	:	Ownership and management of rubber and oil palm plantations and investment
Telephone	:	662-259-2964-71
Fax	:	662-259-2958
Type of Shares	:	Ordinary shares

Total number of shares directly held by STA : 26,349,998 shares or 99.99%

#### 10 Thai Tech Rubber

Head Office	:	2 Juti Utit 3 Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
Type of Business	:	Production of block rubber
Telephone	:	66-7423-0768, 66-7423-0406-7, 66-7423-9063-4
Fax	:	66-7423-8650
Type of Shares	:	Ordinary shares

Total number of shares directly held by STA : 255,028 shares or 42.50%

#### 11 Pattana Agro Futures

Head Office	:	33/109 Wallstreet Tower, 21 Floor, Surawongse Road, Surawongse Subdistrict, Bangrak District, Bangkok, 10500 Thailand
Type of Business	:	Brokerage activities (no transaction)
Telephone	:	66-2632-7300
Fax	:	66-2632-7245
Type of Shares	:	Ordinary shares

Total number of shares directly held by STA : 1,000,000 shares or 40.00%

#### 12 Sri Trang Rubber & Plantation

Head Office	:	121 Moo 4 Nhongpakrang Subdistrict, Mueng Chiang Mai District, Chiang Mai Province, 50000 Thailand
Type of Business	:	Ownership and management of rubber plantation
Telephone	:	66-5310-6198, 66-5310-6199
Fax	:	66-5310-6196, 66-5310-6197
Type of Shares	:	Ordinary shares

Total number of shares directly held by STA : 65,549,993 shares or 99.99%

#### 13 Sri Trang International

Head Office	:	1 Wallich Street, No. 25-02, Guoco Tower, 078881, Singapore
Type of Business	:	Distribution of natural rubber and gloves in Singapore
Telephone	:	65-6532-5210, 65-6532-5321
Fax	:	65-6532-7501
Type of Shares	:	Ordinary shares

Total number of shares directly held by Startex Rubber : 61,000,000 shares or 100.00%

#### 14 PT Sri Trang Lingga

Head Office	:	Jalan TPA2, RT.26 & 29 Keramasan, Palembang, South Sumatera, Palembang 30259, Indonesia
Type of Business	:	Production of block rubber
Telephone	:	62-711-445-666
Fax	:	62-711-445-222
Type of Shares	:	Ordinary shares

Total number of shares directly held by STA : 18,000 shares or 90.00%

#### 15 Shi Dong Investments

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Head Office : 1 Wallich Street, No. 25-02, Guoco Tower, 078881, Singapore

Type of Business : Investment holding in PT Star Rubber

Telephone : 65-6532-5210, 65-6532-5321

Fax : 65-6532-7501

Type of Shares : Ordinary shares

Total number of shares directly held by Sri Trang International : 48,000,000 shares or 100.00%

#### 16 PT Star Rubber

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Head Office : Jalan Trans Kalimantan KM. 16, Desa Jawa Tengah Kec. Sungai, Ambawang, Kab Kubu Raya-Kalbar, Pontianak, 78393, Kalimantan Barat, Indonesia

Branch Office : Jl. Lintas Sumatera Km. 52, RT. 005 Desa Sirih Sehapur, Kec. Jujuhan, Kab. Muara Bungo, 37257, Jambi, Indonesia

Type of Business : Production of block rubber

Telephone : 62-561-724-888, 62-561-724-591-2

Fax : 62-561-724-593

Type of Shares : Ordinary shares

Total number of shares directly held by Shi Dong Investment : 41,400 shares or 99.00%

#### 17 Shi Dong Shanghai

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Head Office : 5F East, Block B of W Square, No. 1686 Wuzhong Road, Minhang District, Shaghai, China 201103

Type of Business : Distribution of natural rubber and gloves in PRC

Telephone : 86-21-6413-7860

Fax : 86-21-6413-7315

Type of Shares : Equity

Total interest held by STA : USD 5,000,000 or 100.00%



#### 18 Sri Trang Indochina

Head Office	:	Room No. 7.01A, 7th Floor, Vietnam Business Center Building, 57-59 Ho Tung Mau Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Type of Business	:	Trading and exporting the rubber products
Telephone	:	848-3821-6869
Fax	:	848-3821-6877
Type of Shares	:	Ordinary shares

Total number of shares directly held by Sri Trang International : 100.00%

#### 19 Sri Trang Ayeyar

Head Office	:	Mudon Crumb Rubber Factory, 848/1221 Kankalay Plot, Kyone Phite Village, Mudon Township, 12081, Mawlamyine, Mon State, Myanmar
Type of Business	:	Production of block rubber
Telephone	:	959-9638-82676
Fax	:	N/A
Type of Shares	:	Ordinary shares

Total number of shares directly held by Sri Trang International : 59.00%

#### 20 Thai Rubber Joint Venture Limited

Head Office	:	67/25 Bangkhunnon Road, Bangkhunon, Bangkoknoi, Bangkok, Thailand, 10700
Type of Business	:	Domestic and international trade of rubber
Telephone	:	N/A
Fax	:	N/A
Type of Shares	:	Ordinary shares

Total number of shares directly held by STA : 16.67%

#### 21 Sri Trang IBC

Head Office	:	10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
Type of Business	:	Services including technical, innovation, IT, and special advice
Telephone	:	66-7434-4663
Fax	:	N/A
Type of Shares	:	Ordinary shares

Total number of shares directly held by STA : 99,997 shares or 99.99%

# References



2

## Singapore Transfer Agent

Boardroom Corporate & Advisory Services Pte. Ltd.

Address : 50 Raffles Place #32-01, Singapore  
Land Tower, Singapore 048623

Telephone : 65-6536-5355

Fax : 65-6536-1360

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## Debenture Registrar for STA No. 1/2016

The Siam Commercial Bank PLC.

Address : 9 Ratchadapisek Road, Chatuchak,  
Bangkok, 10900 Thailand

Telephone : 66-2256-2323

Fax : 66-2256-2414

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## Share Registrar

Thailand Securities Depository Co., Ltd.

Address : 93 The Stock Exchange of  
Thailand Building,  
Ratchadaphisek Road,  
Dindaeng, Dindaeng, Bangkok  
10400, Thailand

Telephone : 66-2009-9000

Fax : 66-2009-9991

TSD Call Center : 66-2009-9999

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## Auditor

Mr. Supachai Panyawattano,  
Certified Public Accountant (Thailand) No. 3930 or  
Miss Krongkaew Limkittikun,  
Certified Public Accountant (Thailand) No. 5874 or  
Mr. Nuttawut Santiphet,  
Certified Public Accountant (Thailand) No. 5730

Address : EY Office Limited  
193/136-137 Rajadapisek Road  
Klongtoey, Bangkok 10110 Thailand

Telephone : 66-2264-9090

Fax : 66-2264-0789

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## Legal Advisor

Weerawong, Chinnavat & Partners LTD.

Address : 540 Mercury Tower, 22<sup>nd</sup> floor,  
Ploenchit Rd., Lumpini, Pathumwan,  
Bangkok, 10330, Thailand

Telephone : 66-2264-8000

Fax : 66-2657-2222



# Defined Terms and Abbreviations

In this document, unless the context otherwise requires, references to “our Company”, “the Company” or “STA” refer to Sri Trang Agro-Industry Public Company Limited; references to “we”, “us”, “our”, “ourselves”, and “Group” refer to the Company and its consolidated subsidiaries taken as a whole.

## Our Group Companies and Other Entities

Anvar Parawood	:	Anvar Parawood Company Limited
Company or STA	:	Sri Trang Agro-Industry Public Company Limited
Nam Hua Rubber	:	Nam Hua Rubber Company Limited
Pattana Agro Futures	:	Pattana Agro Futures Company Limited
Premier System Engineering	:	Premier System Engineering Company Limited
PT Sri Trang Lingga	:	PT Sri Trang Lingga Indonesia
PT Star Rubber	:	PT Star Rubber Indonesia
Rubberland Products	:	Rubberland Products Company Limited
Sadao P.S. Rubber	:	Sadao P.S. Rubber Company Limited
Semperflex Asia or SAC	:	Semperflex Asia Corporation Limited
Semperit	:	Semperit Technische Produkte Gesellschaft m.b.H., a subsidiary of Semperit AG Holding
Shi Dong Investments	:	Shi Dong Investments Pte. Ltd.
Shi Dong Shanghai	:	Shi Dong Shanghai Rubber Co., Ltd.
Shi Dong Shanghai Medical Equipment	:	Shi Dong Shanghai Medical Equipment Co., Ltd.
Sri Trang Ayeyar	:	Sri Trang Ayeyar Rubber Industry Company Limited
Sri Trang Holding or STH	:	Sri Trang Holding Co., Ltd.
Sri Trang IBC	:	Sri Trang IBC Co., Ltd.
Sri Trang Indochina	:	Sri Trang Indochina (Vietnam) Co., Ltd.
Sri Trang International	:	Sri Trang International Pte. Ltd.
Sri Trang Gloves (Thailand) PLC or STGT	:	Sri Trang Gloves (Thailand) Public Co., Ltd. or Sri Trang Gloves (Thailand) Co., Ltd.
Sri Trang Rubber & Plantation	:	Sri Trang Rubber and Plantation Company Limited
Sri Trang USA	:	Sri Trang USA, Inc.
Starlight Express Transport	:	Starlight Express Transport Company Limited
Startex Rubber	:	Startex Rubber Corporation Limited
Thai Tech Rubber	:	Thaitech Rubber Corporation Limited

## General

CDP	:	The Central Depository (Pte) Limited
Code of Corporate Governance	:	Singapore Code of Corporate Governance 2012
Concentrated Latex	:	Liquid latex with a dry rubber content of approximately 60.0%
IRSG	:	International Rubber Study Group
Listing Manual	:	The listing manual of the SGX-ST



Natural Rubber Products	:	RSS, TSR and Concentrated Latex
Office of the SEC	:	The office of the SEC
OTC	:	Over the counter
Other Finished Products	:	Finished products, including high-pressure hydraulic hoses, escalator handrails and various rubber and plastic parts which are mainly used in electrical appliances
PLCA	:	The Public Limited Companies Act B.E. 2535 (1992) of Thailand, as amended from time to time
RSS	:	Ribbed smoked sheet
RAOT	:	Rubber Authority of Thailand
SEC	:	The Securities and Exchange Commission of Thailand
SEC Act	:	The Securities and Exchange Act. B.E. 2535 (1992) of Thailand, as amended from time to time
SET	:	The Stock Exchange of Thailand
SGX-ST	:	Singapore Exchange Securities Trading Limited
SICOM	:	Singapore Commodity Exchange Limited
STR	:	Standard Thai rubber
Thai GAAP	:	Generally accepted accounting principles in Thailand
TSD	:	The Thailand Securities Depository Co., Ltd.
TSR	:	Technically specified rubber, which includes STR and SIR

## Currencies and Measurements

Baht	:	The lawful currency of Thailand
IDR or Indonesian Rupiah	:	The lawful currency of Indonesia
MYR or Malaysian Ringgit	:	The lawful currency of Malaysia
SGD or Singapore dollar	:	The lawful currency of the Republic of Singapore
US\$ or US Dollar	:	The lawful currency of the U.S.



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