

Sri Trang Agro-Industry Public Company Limited

Part 1

The Issuing Company

1. POLICY AND BUSINESS OVERVIEW

1.1 Background

STA was established by our founders, Mr. Somwang Sincharoenkul and Dr. Viyavood Sincharoenkul in Thailand in 23 April 1987, as a private limited company with an initial registered capital of Baht 31 million to produce RSS in Hat Yai District, Songkhla Province, Thailand. STA is a producer and exporter of natural rubber, which is one of the most important agricultural products in the southern part of Thailand. STA has expanded its business into Concentrated Latex and Block Rubber to cover all market's demand and continued to increase our production capacity and footprint until we have become the world's most competent fully-integrated natural rubber companies.

In 1991, we undertook an initial public offering exercise in Thailand and were listed on the SET on 22 August 1991. STA was converted as a public limited company in 27 December 1993. On 31 January 2011, STA made an offering of its newly issued shares to the public (Public Offering) in Singapore, including institutional investors and listed its shares on the SGX-ST. At present, STA shares are listed securities on both the SET and SGX-ST (Dual Listing).

Vision and Mission

Vision

Passionately, we drive possibilities

>> the green rubber company>>

1. We are committed to delivering to our shareholders, having regard to sustainable growth and reasonable, consistent returns to shareholders, the highest level of satisfaction.
2. We are committed to an environmentally sound approach to production, through which we strive to inspire satisfaction and confidence in our customers and suppliers.
3. 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.
4. We are committed to providing our employees with a pleasant work environment, fair compensation and career advancement opportunities.
5. We are committed to minimizing the social and environmental impact of our operations and to the sustainable consumption of natural resources.

Mission

2015: Year of Strong Management

Not only considered as one of the most significant factor towards the growth of Sri Trang Group, but also a great propellant behind all the success is the "Strong Management Team", which has always contributed to and collaborated on the successful work during the past years. Sri Trang Group recognizes the importance of nurturing skilled employees, by providing our employees with endless learning, exchange of experience and continuous development of oneself, in order to utilize the skill

towards the growth of the organization. This is to achieve a sustainable development for both the organization and the employees. The Group also supports all the employees with high capability towards the possibility thinking. This allows our employees to show their performance and achievement to be acknowledged by their colleagues and the management.

2016: Year of Standardization

In 2016, Sri Trang Group has designated the Year of Standardization, where every factory will be targeting “One Cost” and “One Technology”. We believe that with second-to-none leading position in the industry, our sizable scale will reduce complexities and simplify our production process further resulted in huge saving and making our products very competitive in the international markets.

1.2 Significant Changes and Developments

1.2.1 Company Milestones

April 1987	Commenced operations producing ribbed smoked sheets in Hat Yai District, Songkhla Province, Thailand with an initial registered capital of Baht 31.0 million.
October 1987	Established Anvar Parawood for the production of rubber wood for the furniture industry.
March 1988	Established Rubberland Products for the production of Concentrated Latex, our Group’s first processing facility producing Concentrated Latex.
January 1989	Jointly established SSC with an Austrian Company to produce latex examination gloves.
March 1990	Thai Tech Rubber was jointly established with Southland Rubber Co., Ltd and Itochu Corporation Limited to expand our product mix to cover TSR block rubber.
August 1991	Made an initial public offering (IPO) in Thailand and listed our shares on the Stock Exchange of Thailand (SET)
January 1994	Starlight Express Transport was established to provide logistical support to our Group’s business.
March 1994	Premier System Engineering was established to support our Group’s research and development and provide engineering services.
May 1995	Jointly established Shanghai Semperit with an Austrian Company to produce escalator handrails.
September 1995	Established Startex Rubber to invest in upstream business into the ownership of rubber plantations in the southern region of Thailand.
March 1996	Jointly founded Semperflex Asia with an Austrian Company which commenced the production of high pressure hydraulic hoses.
March 1996	Jointly established Semperform Pacific with an Austrian Company which produces rubber and plastic parts.

April 1998	Sempermed USA was jointly established with an Austrian Company to manage the sales and marketing of examination gloves which are used for medical and industrial purposes in the United States.
April 2002	Sri Trang International was established in Singapore, a purchasing hub for key users of natural rubber, for the distribution of the natural rubber products to global market.
March 2004	Established Sri Trang USA to focus on the distribution of the natural rubber products that we sell in the United States.
July 2004	We expanded substantially in the PRC by establishing our sales teams in Qingdao and Shanghai to conduct direct sales of the natural rubber products.
January 2005	We established PT Sri Trang Lingga in Indonesia, our first natural rubber procurement and processing facility outside of Thailand.
July 2005	Semperflex Shanghai was jointly established with an Austrian Company to produce high-pressure hydraulic hoses in the PRC.
December 2007	Sri Trang Rubber & Plantation was established to invest in large scale of rubber plantations.
May 2008	Established Sempermed Singapore with an Austrian Company for the acquisition of Sempermed Brasil, our examination glove distributor in Brazil.
August 2009	Acquired PT Star Rubber as our second Indonesian TSR processing facility.
August 2010	We established our first PRC subsidiary, Shi Dong Shanghai, in Shanghai, to expand our operation into the PRC.
January 2011	STA made an offering of its newly issued shares to the public (Public Offering) in Singapore, including institutional investors and listed its shares on the SGX-ST.
December 2011	STA issued two tranches of debentures, the first debenture for rubber processor in Thailand, to the institutional and high net-worth investors totaling Baht 2,150 million.
October 2013	Jointly established Sri Trang Ayeyar with Ayeyar Hinthar Holdings Co., Ltd. to expand natural rubber processing base into Myanmar
November 2013	Semperform Pacific completed liquidation process.
December 2013	Established our first Vietnam subsidiary, Sri Trang Indochina in Ho Chi Minh, to trade and export natural rubber products in Vietnam.

1.2.2 Business Overview

The Company's principal business is the production of natural rubber, which are TSR, RSS, and Concentrated Latex as well as other businesses through its subsidiaries, associates and joint ventures, such as the production of Finished Products, the distribution of products and other services business, which are logistic business, engineering services business, production and sale of rubber wood. The product segments of the Company can be divided as follows:

(1) Natural Rubber Products

Company	Country	Type of Businesses	Direct Shareholding as of 31 December 2015 (%)	Paid-up Capital as of 31 December 2015
STA	Thai	Production of RSS, TSR and Concentrated Latex	-	Baht 1,280,000,000
Rubberland Products	Thai	Production of TSR and Concentrated Latex	99.99	Baht 1,600,000,000
Nam Hua Rubber	Thai	Production of Concentrated Latex, RSS, and TSR	99.99	Baht 500,000,000
Sadao P.S. Rubber	Thai	Production of RSS	99.99	Baht 40,000,000
PT Sri Trang Lingga	Indonesia	Production of SIR- block rubber	90.00 ¹	USD 10,000,000
PT Star Rubber	Indonesia	Production of SIR- block rubber	99.00 ²	USD 46,000,000
Thai Tech Rubber	Thai	Production of TSR	33.50 ³	Baht 60,000,000
Sri Trang Ayeyar	Myanmar	Production of TSR	59.00 ⁴	USD 1,000,000

¹ Held by STA and the remaining shares are held by PT Nusantara Agro Industri (which is not a person who may have conflicts of interest) 10.00%.

² Held by Shi Dong Investments

³ Held by STA 33.50% and the remaining shares are held by Southland Rubber Co.,Ltd. (which is not a person who may have conflicts of interest) 33.50%, Itochu Corporation Limited (which is not a person who may have conflicts of interest) 33.00%, Mr. Perm Theerasarnwong (1 share), Mr. Thanasak Charnsanti (1 share), Mr. Viyavood Sincharoenkul (1 share), and Mr. Chaiyos Sincharoenkul (1 share).

⁴ Held by Sri Trang International 59.00% and the remaining shares are held by Ayeyar Hinthar Holdings Co., Ltd. 40.00% and Mr. Kitichai Sincharoenkul 1.00%.

(2) Finished Products

Company	Country	Type of Businesses	Direct Shareholding as of 31 December 2015 (%)	Paid-up Capital as of 31 December 2015
SSC	Thai	Production of examination gloves	31.50 ⁵	Baht 200,000,000
Semperflex Asia	Thai	Production of high-pressure hydraulic hoses	37.50 ⁶	Baht 380,000,000
Shanghai Sempermed	PRC	Agent import and export of rubber gloves	100.00 ⁷	USD 6,000,000
Semperflex Shanghai Ltd.	PRC	Production of high-pressure hydraulic hoses	50.00 ⁸	USD 15,000,000
Shanghai Semperit	PRC	Manufacture of handrails and related parts for escalators and travelators	10.00 ⁹	Euro 2,471,000

⁵ Held by STA 31.50% and the remaining shares are held by Semperit Technische (50.00%); Rubberland Products (8.73%), STH (6.00%), Miss Poonsuk Cherdkiatgumchai (3.73%), Mr. Veerasith Sincharoenkul (2 shares), Mr. Somwang Sincharoenkul (2 shares), Mr. Viyavood Sincharoenkul (2 shares), and Mr. Kitichai Sincharoenkul (2 shares).

⁶ Held by STA 37.50% and the remaining shares are held by Semperit Technische (50.00%), Rubberland Products (5.00%), STH (5.00%), Paktai Rubber Industries Limited Partnership (2.50%) Miss Poonsuk Cherdkiatgumchai (2 shares), Mrs. Promsuk Sincharoenkul (2 shares), Mr. Somwang Sincharoenkul (2 shares), Mr. Viyavood Sincharoenkul (2 shares), Mr. Chaiyos Sincharoenkul (2 shares), Mr. Anan Pruksanusak (2 shares), and Mr. Prasit Panidkul (2 shares).

⁷ Held by SSC.

⁸ Held by STA 50.00% and the remaining shares are held by Semperit Technische 50.00%.

⁹ Held by STA 10.00% and the remaining shares are held by Semperit Technische 90.00%.

(3) Products Distribution

Company	Country	Type of Businesses	Direct Shareholding as of 31 December 2015 (%)	Paid-up Capital as of 31 December 2015
Sempermed USA, Inc.	United States	Distribution of examination gloves in the United States	25.00 ¹⁰	USD 4,000
Sri Trang International	Singapore	Natural rubber wholesaler in Singapore	100.00	USD 61,000,000
Sri Trang USA, Inc.	United States	Natural rubber wholesaler in the United States	100.00	USD 100
Sempermed Brasil	Brazil	Distribution and marketing of natural rubber gloves and synthetic rubber in Brazil	100.00 ¹¹	Brazilian Real 12,546,638
Shi Dong Shanghai	PRC	Distribution of Natural Rubber Products in PRC	100.00 ¹²	USD 5,000,000
Sri Trang Indochina	Vietnam	Distribution of Natural Rubber Products from Vietnam to customers	100.00 ¹³	USD 1,000,000

¹⁰ Held by STA 25.00% and the remaining shares are held by SSC 50.00% and Semperit Technische 25.00%.

¹¹ Held by Sempermed Singapore approximately 99.9% and Semperit Industrial Products Singapore Private Limited holds 1 share.

¹² Held by STA. Shi Dong Shanghai is licensed to operate for a term of 30 years from 2 August 2010.

¹³ Held by Sri Trang International.

(4) Other businesses

Company	Country	Type of Businesses	Direct Shareholding as of 31 December 2015 (%)	Paid-up Capital as of 31 December 2015
Anvar Parawood	Thai	Lumber production and manufacture of wooden furniture	99.94 ¹⁴	Baht 10,000,000
Startex Rubber	Thai	Ownership and management of rubber and oil palm plantations	83.99 ¹⁵	Baht 50,000,000
Premier System Engineering	Thai	Engineering services, design, installation and maintenance machinery	81.99 ¹⁶	Baht 50,000,000
Starlight Express Transport	Thai	Provision of logistics services	76.66 ¹⁷	Baht 15,000,000
Pattana Agro Futures	Thai	Brokerage activities	40.00 ¹⁸	Baht 100,000,000
Sri Trang Rubber & Plantation	Thai	Ownership and management of rubber plantations	99.99	Baht 5,455,000,000
Shi Dong Investments	Singapore	Investment holding in PT Star Rubber	100.00 ¹⁹	USD 48,000,000
Sempermed Singapore	Singapore	Investment holding in Sempermed Brasil	50.00 ²⁰	USD 8,000,000
Formtech Engineering (M) Sdn. Bhd.	Malaysia	Production and distribution mold for glove production line	82.86 ²¹	MYR 7,000,000

¹⁴ Held by STA 99.94% and the remaining shares are held by Mr. Viyavood Sincharoenkul (1 Share), Mrs. Promsuk Sincharoenkul (1 share), Mr. Aram Sirisuwat (1 share), Mrs. Oranuch Sirisuwat (1 Share), Prukasa Mansion Ltd (1 Share), and Mr. Udom Pruksanusak (1 Share).

¹⁵ Held by STA 83.99% and the remaining shares are held by Rubberland Products 16.00%, Mr. Somporn Punnarai (1 share), Mr. Boonyachon Sincharoenkul (1 share), Miss Wanna Tanapoomkul (1 share), Mrs. Promsuk Sincharoenkul (1 share), and Prukasa Mansion Ltd (1 Share).

¹⁶ Held by STA 81.99% and the remaining shares are held by Rubberland Products 16.00%, Sadao P.S. Rubber 2.00%, Mr. Phanlert Wangsuphadilok (3 share) and Mr. Aram Sirisuwat (1 share).

¹⁷ Held by STA 76.66% and the remaining shares are held by Rubberland Products 13.33%, Nam Hua 3.33%, Sadao P.S. Rubber 3.33%, Startex Rubber 3.33%, Phrueksa Mansion Ltd (1 share), and Mr. Boonyachon Sincharoenkul (1 share).

¹⁸ Held by STA 40.00% and the remaining shares are held by Lee Feed Mill Public Company Limited (which is not a person who may have conflicts of interest) 44.50%, Mr. Preecha Leelasithorn 8.75%, Wallstreet Tower Company Limited (which is not person who may have conflicts of interest) 6.25%, and Mr. Nipon Leelasithorn 0.5%.

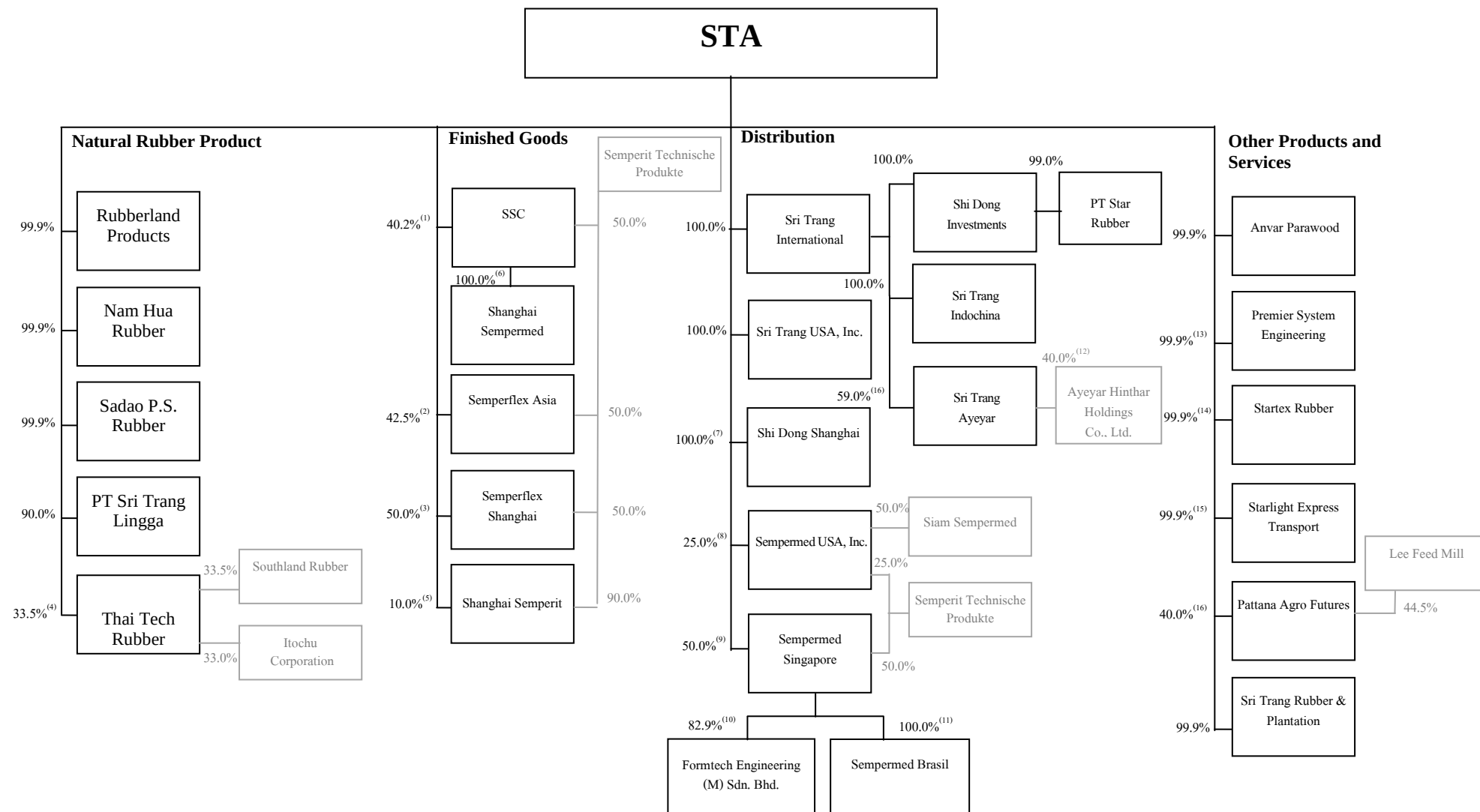
¹⁹ Held by Sri Trang International.

²⁰ Held by STA 50.00% and the remaining shares are held by Semperit Technische 50.00%

²¹ Held by Sempermed Singapore 82.86%, Dietmar Trumm 11.43% and Valluvan A. Peramuthu 5.71%

1.3 Group Structure

The group structure of the Company as of 31 December 2015 is shown in the diagram below.



Notes:

- (1) Our Company is interested in an aggregate of approximately 40.2% of the total voting rights in SSC, comprising a direct interest of approximately 31.5% and an indirect interest of approximately 8.7% through our subsidiary Rubberland Products. Semperit Technische (50.0%), STH (6.0%) and five individuals, namely, Ms. Poonsuk Cherdkiatgumchai (3.7%), Mr. Veerasith Sinchareonkul (2 shares), Mr. Somwang Sincharoenkul (2 shares), Dr. Viyavood Sincharoenkul (2 shares) and Mr. Kitichai Sincharoenkul (2 shares), hold the remaining interest in SSC.
- (2) Our Company is interested in an aggregate of approximately 42.5% of the total voting rights in Semperfex Asia, comprising a direct interest of approximately 37.5% and an indirect interest of approximately 5.0% through our subsidiary Rubberland Products. Semperit Technische (50.0%), STH (5.0%), Paktai Rubber Industries Limited Partnership (2.5%) and seven individuals, namely, Ms. Poonsuk Cherdkiatgumchai (2 shares), Mrs. Promsuk Sinchareonkul (2 shares), Mr. Somwang Sincharoenkul (2 shares), Dr. Viyavood Sincharoenkul (2 shares), Mr. Chaiyos Sincharoenkul (2 shares), Mr. Anan Pruksanusak (2 shares) and Mr. Prasit Panidkul (2 shares), hold the remaining interest in Semperfex Asia.
- (3) Our Company and Semperit Technische directly own 50.0% each of the total paid-up capital in Semperfex Shanghai. Semperfex Shanghai is licensed to operate for a term of 50 years from 14 July 2005. 180 days prior to the expiry of such term, an application may be submitted to the relevant authorities for an extension. If the term is not extended, Semperfex Shanghai will be liquidated upon expiry and proceeds from the sale of its assets will be returned to its shareholders after its creditors are paid.
- (4) Our Company directly owns 33.5% of the total number of issued shares in Thai Tech Rubber. Southland Rubber Co., Ltd. and Itochu Corporation Limited own 33.5% and 33.0% of the total number of issued shares in Thai Tech Rubber respectively. The remaining shares in Thai Tech Rubber are held by Mr. Perm Theerasarnwong (1 share), Mr. Thanasak Charnsanti (1 share), Dr. Viyavood Sincharoenkul (1 share) and Mr. Chaiyos Sincharoenkul (1 share).
- (5) Our Company holds 10.0% of the total paid-up capital in Shanghai Semperit, and Semperit Technische holds the remaining 90.0% of the total paid-up capital. Shanghai Semperit is licensed to operate for a term of 50 years from 10 May 1995. 180 days prior to the expiry of such term, an application may be submitted to the relevant authorities for an extension. If the term is not extended, Shanghai Semperit will be liquidated upon expiry and proceeds from the sale of its assets will be returned to its shareholders after its creditors are paid.
- (6) SSC holds the entire paid-up capital in Shanghai Sempermed. Shanghai Sempermed changed its business objective from an examination glove producer to an agent who imports and exports of rubber gloves.
- (7) Shi Dong Shanghai is licensed to operate for a term of 30 years from 2 August 2010. 180 days prior to the expiry of such term, an application may be submitted to the relevant authorities for an extension. If the term is not extended, Shi Dong Shanghai will be liquidated upon expiry and proceeds from the sale of its assets will be returned to its shareholders after its creditors are paid.
- (8) Our Company directly owns 25.0% of the total number of issued shares in Sempermed USA. SSC owns 50.0% of the total number of issued shares in Sempermed USA. The remaining 25.0% of the total number of issued shares in Sempermed USA are held by Semperit Technische.
- (9) Our Company and Semperit Technische directly own 50.0% each of the total number of issued shares in Sempermed Singapore.
- (10) Formtech Engineering (M) Sdn. Bhd is owned by Sempermed Singapore directly 82.9%, Dietmar Trumm 11.4%, and Valluvan A. Peramuthu 5.7%

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- (11) Sempermed Singapore directly owns approximately 100.0% of the total paid-up capital in Sempermed Brasil, and Semperit Industrial Products Singapore Pte. Ltd. holds the remaining 1 quota in Sempermed Brasil.
- (12) Sri Trang International owns 59.0% of the total number of issued shares in Sri Trang Ayeyar. The remaining shares are held by Ayeyar Hinthar Holdings Co., Ltd. 40.0% and Mr. Kitichai Sincharoenkul 1.0%.
- (13) Our Company is interested in an aggregate of approximately 99.9% of the total voting rights in Premier System Engineering, comprising a direct interest of approximately 81.9% and indirect interests of approximately 16.0% and 2.0% through our subsidiaries, Rubberland Products and Sadao P.S. Rubber respectively. The remaining shares are held by Mr. Phanlert Wangsuphadilok (3 share) and Mr. Aram Sirisuwat (1 share).
- (14) Our Company is interested in an aggregate of approximately 99.9% of the total voting rights in Startex Rubber, comprising a direct interest of approximately 83.9% and an indirect interest of approximately 16.0% through our subsidiary, Rubberland Products. The remaining shares are held by Mr. Somporn Punnarai (1 share), Mr. Boonyachon Sincharoenkul (1 share), Ms. Wanna Thanabhumkul (1 share), Ms. Promsuk Sinchareonkul (1 share), and Prukesa Mansion Ltd. (1 share).
- (15) Our Company is interested in an aggregate of approximately 99.9% of the total voting rights in Starlight Express Transport, comprising a direct interest of approximately 76.6% and indirect interests of approximately 13.3%, 3.3%, 3.3% and 3.3% through our subsidiaries Rubberland Products, Nam Hua Rubber, Sadao P.S. Rubber and Startex Rubber respectively. The remaining shares are held by Prukesa Mansion Ltd (1 share) and Mr. Boonyachon Sincharoenkul (1 share).
- (16) Our Company directly owns 40.0% of the total number of issued shares in Pattana Agro Futures. Lee Feed Mill Public Company Limited owns 44.5% of the total number of issued shares in Pattana Agro Futures, and the remaining shares in Pattana Agro Futures are held by Wallstreet Tower Company Limited (6.3%), Mr. Preecha Leelasithorn (8.8%), and Mr. Nipon Leelasithorn (0.5%).

2. BUSINESS OVERVIEW

(1) Revenue structure

Our key products we sell are Natural Rubber Products. Total revenues from sales of Natural Rubber Products mainly generated by TSR followed by RSS, and Concentrated latex.

Type of Business / Operated by	% Sharehold ing by STA	Year ended 31 December					
		2013		2014		2015	
		Baht million	(%)	Baht million	(%)	Baht million	(%)
Revenue from TSR products		70,773.7	76.6	57,512.4	76.0	44,482.7	72.3
STA	-						
Sri Trang International	100.0						
Sri Trang USA, Inc.	100.0						
Rubberland Products	99.9						
Nam Hua Rubber	99.9						
PT Sri Trang Lingga	90.0						
Shi Dong Shanghai	100.0						
PT Star Rubber	99.0						
Revenue from RSS products		12,845.5	13.9	9,818.5	13.0	5,462.4	8.9
STA	-						
Sri Trang International	100.0						
Sri Trang USA, Inc.	100.0						
Nam Hua Rubber	99.9						
Shi Dong Shanghai	100.0						
Sadao P.S. Rubber	99.9						
Revenue from Concentrated Latex products		6,047.4	6.5	5,631.5	7.4	4,774.2	7.8
STA	-						
Sri Trang International	100.0						
Shi Dong Shanghai	100.0						
Sri Trang USA, Inc.	100.0						
Rubberland Products	99.9						
Nam Hua Rubber	99.9						
Revenue from other products and services*		2,518.5	2.7	2,567.5	3.4	6,572.5	10.7
STA	-						

Type of Business / Operated by	% Sharehold ing by STA	Year ended 31 December					
		2013		2014		2015	
		Baht million	(%)	Baht million	(%)	Baht million	(%)
Anvar Parawood	99.9						
Sri Trang International	100.0						
Premier System Engineering	99.9						
Starlight Express Transport	99.9						
Startex Rubber	99.9						
Rubberland Products	99.9						
Sri Trang USA	100.0						
Shi Dong Shanghai	100.0						
Sri Trang Rubber & Plantation	99.9						
Other income		249.5	0.3	133.9	0.2	186.3	0.3
Total revenue		92,434.6	100.0	75,663.8	100.0	61,478.1	100.0
Share of profit of investments in associates and joint ventures		495.6		535.1		648.8	

Note*: Comprises (i) the sale of rubber wood and wood packing products, (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, (iii) RSS processing fee for Thai Government recognized from Q3 2012 onwards, and (iv) the sale of gloves.

(2) Products and Services

2.1 Overall Products and Services

The Company operates an integrated natural rubber supply chain business in many countries. The business starts from upstream business by engaging in rubber plantation in Thailand, midstream business by processing and distributing natural rubber products to downstream business by investing with international companies to produce and distribute finished goods including gloves, hydraulic hoses and escalator handrails.

The Company's operations mainly consist of 3 businesses which are 1) natural rubber business which is main source of income 2) gloves business which income generates from investment in associates and 3) other business. Details of each business are as follows;

2.1.1 Natural Rubber Business

The Company is the world largest manufacturer and distributor of natural rubber supply chain. We own market share of approximately 9%¹ and provide Natural Rubber Products that serve all types of demand including tires and gloves industries which are RSS, TSR and Concentrated Latex to customers in various countries and territories in Asia such as, the PRC, India, Singapore, Japan, Korea, Vietnam, Malaysia, as well as to the United States and Europe. We also purchase Natural Rubber Products from third party producers and our joint venture entity, Thai Tech Rubber, from time to time, to meet demand from customers.

2.1.2 Examination Gloves Business

In addition and complementary to our Natural Rubber Products business, we have diversified our income stream through our interest in SSC, a joint venture in which we have an aggregate interest (direct and indirect) of approximately 40.2%. We are closely involved in the day-to-day operations of SSC which primarily produces disposable latex examination gloves and nitrile examination gloves. These disposable gloves are used for medical and industrial purposes.

2.1.3 Other Businesses

2.1.3.1 Rubber plantation business

We operate our rubber plantation systematically and in a full supply chain. Currently, we have approximately 8,264 hectares 19 provinces of Thailand suitable for rubber plantation, 83% has already planted and some of which started to yield from December 2015 onwards. The majority are located in the Northern and North-Eastern regions of Thailand.

Having our own plantation will increase our sourcing efficiency and make it easier for the Company to gather raw materials in reasonable price which would be expected to result in lower cost and margin improvement. In addition, at the end stage, parawood can be used in furniture industry and packaging industry as a pallet container.

2.1.3.2 Rubber wood processing business

Through our subsidiary, Anvar Parawood, we also involved in the production and distribution of processed dried rubber wood and other types of woods for packaging and furniture industry in both local and global markets.

2.1.3.3 Production and sale of finished products business

We have expanded our business operation to manufacture and distribute finished products through investments in our associates that we have jointly established with an Austrian Company, namely Semperflex Asia, Semperflex Shanghai, and Shanghai Semperit. We have participated in the production and sale of high-pressure hydraulic hoses for industrial, mining, and other specific applications through Semperflex Asia and Semperflex Shanghai and participated in the production and sale of escalator handrails through Shanghai Semperit.

¹ Based on our sales volume of Natural Rubber Products of approximately 1,119,966 tons for the financial year ended 31 December 2015 and the total global demand for natural rubber products of approximately 12,342,000 tons in 2015. (Source : International Rubber Study Group (IRSG), The World Rubber Industry Outlook, Review and Prospects to 2024, December 2015)

2.1.3.4 Future broker

Through our associate, Pattana Agro Futures, we are also a commodity futures broker in the Agricultural Futures Exchange of Thailand (AFET).

Currently, Pattana Agro Futures is in the process of closing and settling the existing contracts with its customers. As a result of the Repeal Act of the Agricultural Futures Trading Act B.E. 2542, B.E. 2558 was published in the Royal Thai Government Gazette in November 2015, AFET in which Pattana Agro Futures is a commodity futures broker was dissolved and merged with Thailand Futures Exchange (TFEX).

Business Strategy & Future Growth Plan

In order to strengthen our position as leader in the natural rubber business and ensure sustainable growth, Sri Trang Group continuously seeks to expand the business and improve every facet of operation and procurement to environmental practices.

1. Broadening of Raw Material Sources

Our entrance into the upstream sector through over 50,000 rai (8,000 hectares) of rubber plantations in 19 provinces of Thailand has provided us with additional sources of raw materials from neighboring plantations and given us insights as regards the supply of natural rubber. In addition, we also strive to nurture our relationships with rubber farmers and dealers through various educational and recreational activities. We believe that all this will allow Sri Trang Group to attain international standards with regard to raw material sourcing with traceable and sustainable practices, which are highly valued by customers.

2. Continuous Expansion of Production Capacity

Sri Trang Group has continuously sought to expand operations. Because we believe that increasing market share is key to long-term growth and success, we have constantly sought to ensure that our production processes are at the cutting edge of technology. We aim to reach an annual effective production capacity of 1.7 million tons within 2016, which should allow us to benefit from economies of scale and strengthen our position as leader in the natural rubber business.

We are strongly aware that we cannot achieve sustainable growth without the simultaneous development of the communities in our areas of operation. Accordingly, with every single step that we take toward expansion, we also take into account the environment and the neighboring communities. All of our processing and manufacturing facilities adhere to international environmental standards and are fully certified. We also organize various educational and recreational activities and seek to create employment opportunities for neighboring communities.

3. Broadening of Customer Base

Our key sales strategy is to supply products that satisfy the demands of customers from all over the world. We have sought to continuously expand our customer base through penetration of fast-growing markets as well as new markets with strong growth potential. Our penetration into Chinese market during the past decade has proved advantageous to our market share, as we benefited from the growing demand for natural rubber in China, presently the world's largest consumer of natural rubber, accounting for more than one-third of global demand for natural rubber.

Tax Incentives

1. Tax Incentives from The Board of Investment of Thailand

Under the Industrial Investment Promotion Act B.E. 2520 (as amended), the Company and certain subsidiaries incorporated in Thailand have been granted privileges by the Board of Investment at various times relating to, among others, manufacture of latex and skim crepe and/or skim block, concentrated latex, block rubber and mixed rubber, rubber smoked sheets and providing service of calibration laboratory (the “promoted operations”).

The privileges granted, subject to compliance with the terms and conditions prescribed in the relevant promotional certificates, include:

- (a) exemption from payment of import duty on machinery approved by the Board of Investment;
- (b) exemption from payment of corporate income tax on net profit from promoted operations for a period of eight years from the date on which income is deemed to be first derived from such operations;
- (c) a 50% reduction in the normal corporate income tax rate on the net profit derived from promoted operations for a period of five years, commencing from the expiry date in (b) above (if applicable);
- (d) a five-year carry forward period for losses for tax purposes from promoted operations during the period in (b) above;
- (e) income exclusions and additional deductions in computing the taxable income for promoted operations during the period in (b) above;
- (f) exemption from income tax on dividend paid to the shareholders from the profit of the promoted operations during the corporate income tax exemption period; and
- (g) double deduction of the cost of transportation, electricity and water supply for corporate income tax purposes for a period of 10 years from the date on which income is deemed to be first derived from the promoted operations.

The following table summarizes the expiry dates of the Board of Investment tax incentives granted to our Company and certain of our subsidiaries incorporated in Thailand.

Company	Certificated no.	Expiry for Full Exemption from Tax	Expiry for 50% Reduction in Tax
STA (Khanjanadit - Concentrated Latex)	1802(2)/2550	17 September 2016	Not Applicable
STA (Sikao - TSR)	1803(2)/2550	9 March 2016	Not Applicable
STA (Huay Nang - TSR)	2213(2)/2550	3 October 2016	Not Applicable
STA (Trang - Concentrated Latex)	1100(2)/2554	10 October 2019	Not Applicable
STA (Surat Thani - Concentrated Latex)	1101(2)/2554	3 October 2019	Not Applicable
STA (Chonburi – TSR)	1042(2)/2555	Delayed	

Company	Certificated no.	Expiry for Full Exemption from Tax	Expiry for 50% Reduction in Tax
STA (Ubon Ratchatani – TSR)	1425(2)/2555	20 June 2021	19 June 2026
STA (Udon Thani – TSR)	1353(2)/2555	11 December 2020	10 December 2025
STA (Phitsanulok – TSR)	1541(2)/2556	23 January 2022	Not Applicable
STA (Pattani – Crepe rubber)	1688(1)/2556	3 June 2022	3 June 2027
STA (Sakaeo – TSR)	2224(2)/2556	7 April 2015	Not Applicable
STA (Chantaburi – TSR)	2225(2)/2556	No income yet	
STA (Kalasin – TSR)	2226(2)/2556	29 August 2015	28 August 2028
Nam Hua Rubber (Sadao - TSR)	2379(2)/2553	2 December 2018	Not Applicable
Rubberland Products (Bungkan - TSR)	1402(2)/2552	30 March 2018	29 March 2023
Rubberland Products (Buriram - TSR)	1887(2)/2553	30 November 2018	29 November 2023
Rubberland Products (Hatyai - Concentrated Latex)	2387(2)/2553	1 April 2019	Not Applicable
Rubberland Products (Mukdahan – TSR)	1016(2)/2555	22 December 2019	Not Applicable
STA (Naratiwas – Crepe)	58-2279-0-02-2-0	No income yet	
STA (Loei - TSR and/or compound rubber)	58-2600-0-00-1-0	No income yet	

2. Global Trader Programme

Sri Trang International enjoys certain tax benefits under the Global Trader Programme launched by International Enterprise Singapore, pursuant to which Sri Trang International is only taxed on 10% of its qualifying income (i.e. income which is derived from offshore sales or sales to companies under the Global Trader Programme). Sri Trang International renewed its status under the Global Trader Programme for the period from 1 January 2015 to 31 December 2019.

Insurance

As at 31 December 2015, we have taken insurance against damage (inclusive of fire and natural disaster such as lightening, bombing, storm, and etc.) for all our fixed assets (including our offices, production facilities and machinery) as well as our inventory for an aggregate of approximately Baht 23,926 million.

Our Directors believe that the insurance policies taken up by our Group are adequate for our business needs and operations, and will periodically and appropriately conduct a review of our Group's insurance coverage.

2.2 Marketing and Competition

2.2.1 Marketing

2.2.1.1 Sales and Marketing of Natural Rubber Products

We have an extensive and diversified customer network of leading players globally and we sell Natural Rubber Products to customers in various countries and territories in Asia such as the PRC, India, Singapore, Japan, Vietnam, Malaysia, and Korea, as well as to the United States and Europe.

Distribution Channels

In addition of our factories in Thailand and Indonesia, our global sales and distribution function is located in and managed out of Singapore, a global purchasing hub for natural rubber products. We have established four trading and distribution networks based in Singapore, the United States, PRC and Vietnam for the Natural Rubber Products that we sell, through our subsidiaries Sri Trang International, Sri Trang USA, Shi Dong Shanghai and Sri Trang Indochina, respectively.

Target Customers and Market Shares by Geography

We have distributed our products to customers worldwide which mainly are world class tire producers. In the last 3 years, our market shares by geography are as follows:

Geography	Year 2013		Year 2014		Year 2015	
	Tons	%	Tons	%	Tons	%
Asia Region	829,112.8	73.6	872,454.1	72.4	835,165.7	74.6
- China	560,570.2	49.8	574,931.7	47.7	489,837.2	43.7
- India	25,549.4	2.3	28,496.8	2.4	36,886.2	3.3
- Japan	44,856.1	4.0	42,443.1	3.5	43,392.5	3.9
- Korea	33,049.9	2.9	49,461.1	4.1	54,307.5	4.9
- Malaysia	4,684.4	0.4	14,286.8	1.2	24,054.7	2.1
- Singapore	109,470.9	9.7	112,844.4	9.4	141,738.7	12.7
- Other Asian countries	50,931.9	4.5	49,990.2	4.1	44,948.9	4.0
America Region	84,363.4	7.5	75,534.1	6.3	65,659.9	5.8
Europe Region	50,356.2	4.5	52,350.5	4.3	38,797.6	3.5
Other Regions	4,102.3	0.3	879.0	0.1	826.1	0.1
International	967,934.7	85.9	1,001,217.7	83.1	940,449.3	84.0
Domestics	158,527.5	14.1	203,125.0	16.9	179,517.0	16.0
Total	1,126,462.2	100.0	1,204,342.7	100.0	1,119,966.3	100.0

Sales and Marketing Responsibilities

The responsibilities of our sales and marketing department include the following:

- developing sales strategies in connection with our penetration into domestic and international markets;
- recommending products to existing customers through the distribution of our product samples;
- procuring new customers;
- monitoring and analysing our competitors' product development and pricing;

- coordinating the delivery of our products to our customers; and
- purchasing Natural Rubber Products from third party producers.

In addition, our sales and marketing department is also responsible for maintaining our Group's customer records, attending to customer complaints and maintaining and improving customer relations and inviting our existing customers to visit our processing facilities, enabling them to gain a better understanding of our operations and products.

2.2.1.2 Sales and Marketing of Disposable Examination Gloves

Distribution Channels

In addition of STA and its business partner that partly distribute gloves produced from SSC, both companies have established Sempermed USA to focus in the sales and distribution of the examination gloves in North America.

2.2.2 Industry

Natural Rubber (NR) industry underwent market volatility and uncertainties of external factors throughout the year 2015. NR price declined approximately by 20% compared with the year 2014 from various unfavorable factors including subdued growth of global economy, especially in China - the world's largest consumer of natural rubber Chinese slowdown, the appreciation of US dollar from looming US interest rate hike, and low level of oil prices.

Demand and Supply of Natural Rubber in 2015

According to International Rubber Study Group (IRSG), World Rubber Industry Outlook, Review and Prospects to 2024 as of December 2015, the world demand of natural rubber (NR) in 2015 was 12,342,000 tons, up 1.8% YoY (2014 : 6.8%). The decelerating growth was mainly due to the world economic slowdown, especially in China who is the world's largest natural rubber consuming country. This was adversely affected tire industry which constituted more than 70% of NR demand. Tire production slightly grew by 2.4% in 2015 compared to 4.4% in 2014. Meanwhile, the world supply of NR increased by 1.4% to 12,274,000 tons in 2015. The growth of supply are mainly from Thailand, Vietnam and CAMAL* countries.

Trend of Demand and Supply of Natural Rubber in 2016

On the backdrop of gloomy global economic outlook, IRSG projected that NR demand in 2016 will slightly increase by 2.0% from 2015 to 12,591,000 tons. For NR supply, IRSG forecasted that the NR production will grow at 3.1% reaching 12,653,000 tons in 2016. The largest sources of additional supply volumes are CAMAL* countries, India, and China, while the top-3 producing countries (Thailand, Indonesia, and Vietnam) will maintain their production level relatively at the same level as 2015.

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

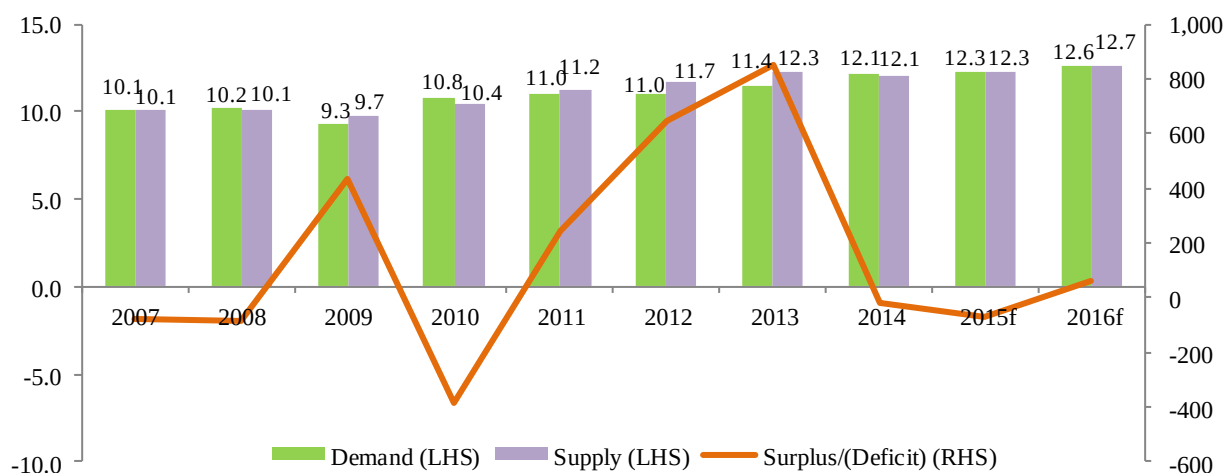
Balance of Natural Rubber Demand and Supply

In 2016, an ample NR supply from new rubber plantation during upsurge of NR price during 2005-2008 is expected while NR consumption, undermined by the slowing economic development, might be insufficient to absorb the expansion of supply. However, prolonged low level of NR price would encourage the switch to other crops, postpone the new planting/re-planting schedule, reduce skilled tapping labour and tapping activities, and limit new rubber farmers. Thus, IRSG anticipated that NR supply surplus will hover around 62,000 tons, significantly decrease from its peak in 2013 of 851,000 tons.

Diagram exhibits Demand and Supply of Natural Rubber during 2007-2016

Unit : Million Tons

Unit : 000' Tons



Source: IRSG

2.2.3 Competition

“It’s been more than half a decade that natural rubber industry has being challenged by various factors including the slowdown of global economy, the fluctuation of USD currency, the downfall of commodities’ prices, etc. Many competitors have inevitably exited the industry under this unfavorable condition. Our long-standing competitiveness in this tough industry is attributed to our product quality, our largest production scale, our excellent customer service, our geographical diversification, seasoned management team, and risk management system”

Key NR producing and exporting countries are Thailand, Indonesia, Vietnam, and China. With our 9%² of world market share in 2015, we believe that we are the world’s largest fully integrated natural rubber processing company. Our main competitors are Von Bundit Company Limited, Southland Group, and Thai Hua Rubber Public Company Limited who are based in Thailand, The Kirana Group, Halcyon Agri Corporation, Sinochem Group, and China Hainan Rubber Industry Group who are based in other countries.

Our remarkable size of production has allowed us to create the economies of scale and bargaining power, increase competitive edge for product quality development, and enhance our accessibility to different sources of financing.

Being a midstream player in NR industry, it is crucial to ensure that we are in a position to operate efficiently with upstream and downstream counterparts. We, therefore, strategically set up production base in Thailand and Indonesia, the world’s two largest Natural Rubber producing countries collectively contributed more than 60% of world production. In addition, we also have our footstep in Myanmar, the high potential growth of NR producing country. For sales & distribution, we have established subsidiaries in China, Singapore, the US, and Vietnam to carry out sales & distribution activities. With our high standard of quality, we have excellent coverage of world’s leading tyre makers as well as other tyre manufacturers throughout the world.

Our multi-national platform and resourceful sales & marketing teams have enabled us to deliver excellent customer services. The customers around the world can reach our customer hotline at all

² Based on our sales volume of Natural Rubber Products of approximately 1,119,966 tons for the financial year ended 31 December 2015 and the total global demand for natural rubber products of approximately 12,342,000 tons in 2015.

time for Natural Rubber price updates. For after sale services, we are gearing towards zero complaint by setting up a systematic customer complain process where any complaints will be timely response.

Group of seasoned managements with almost 30-year of experience in Natural Rubber industry is one of the most important competitive advantages that we have over our competitors. In order to make a precise decision on business direction and operation plan as well as to set up an effective risk management system to hedge against volatile currency and rubber price fluctuation, natural rubber processors need to have in-depth understanding on numerous related factors such as world macro-economic conditions, demand-supply situations, currency movements, oil price trend, government policy, etc. Thus, we believe that our management team's insights enable us to continually increase our competitive edge and profitability as well as strengthen our market position as a dominant natural rubber player.

2.2.4 The Company's Key Strengths

- 1. Being the world's largest natural rubber processing company with a world market share of 9%**
 - Capture all possible market segments with full range of natural rubber products.
 - Benefit from economies of scale.
 - Balance the bargaining power with suppliers and customers.
 - Enhance accessibility to different sources of fund, financial instruments, and customers to support our operation and expansion.
- 2. Fully integrated natural rubber supply chain business model**
 - Gain direct access to supply and demand information.
 - Enables us to respond to changes in market conditions and manage our production and position efficiently.
 - Maximise competitive edge and cost efficiency.
 - Create opportunity for business expansion in the future.
- 3. Well-balanced portfolio with a good coverage of sales and distribution**
 - Cover all class of customers to serve all demand from every corners of the word.
 - Good risk diversification as no single customer accounts more than 7% of our total sale volume.
 - Get direct access to end-users to gain demand flow and market sentiment.
- 4. Having production base in major natural rubber producing countries**
 - Advantage in secure raw material as Thailand and Indonesia are the major natural rubber producing countries in the world, collectively contributed about 65% of global production.
 - Flexible production management from different seasonality throughout the year.
 - Having a rich number of raw material procurement centers to reduce the reliance on intermediaries.
- 5. Expand upstream to rubber plantation business**
 - Emphasise on cost leading position.
 - Enhance profitability and reduce volatility in earning .
 - Create procurement networks for potential raw material from neighboring area.
 - Pinpoint strategic locations for midstream factories in the future.
- 6. Possess advanced technology and strong R&D capability**
 - Enable us to promptly respond to different customers' requirements.
 - Strengthen relationship with customers from a direct R&D integration between our team and customers'.
 - Build up competitiveness from economies of speed.
 - Enhance productivity and reduce cost.
- 7. Captained by highly experienced managements**
 - Led by a group of seasoned managements with almost 3-decade experience in natural rubber industry.

2.3 Products and Services

2.3.1 Natural Rubber Products

2.3.1.1 Production facilities and rates of utilisation

As at 31 December 2015, we have a total of 30 processing facilities, 26 processing facilities located in Thailand, 3 processing facilities located in Indonesia, and 1 processing facilities located in Myanmar with an estimated total effective production capacity of approximately 1.5 million tons of Natural Rubber Products per annum.

Our production capacity is limited by available space, production lines, number of machines and manpower. Our estimated annual effective production capacity and the annual utilisation rates of our natural rubber processing facilities which were in operation during the last three years based on our three categories of Natural Rubber Products for each of the three most recent completed financial years are as follows:

Natural Rubber Product	Estimated Effective Production Capacity ⁽¹⁾			Engineering Specified Capacity ⁽²⁾			Effective Utilisation Rate ⁽³⁾		
	(tons)			(tons)			(%)		
	As at 31 December			As at 31 December			For the Year Ended 31 December		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
RSS	233,141	217,661	217,661	233,141	217,661	217,661	65.4	54.2	47.1
TSR	872,827	929,275	1,103,323	1,125,660	1,195,740	1,414,740	84.8	80.3	75.2
Concentrated Latex	191,488	203,008	203,008	284,700	302,220	302,220	55.2	57.4	62.6
Total	1,297,456	1,349,944	1,523,992	1,643,501	1,715,621	1,934,621	76.7	72.6	69.2

Notes:

- (1) Calculated based on the annual engineering capacity of the relevant processing facility at the end of the relevant period which takes into consideration the estimated total number of working days, the down time for the maintenance of machinery and equipment and the amount of time needed to complete one cycle of production for each of our Natural Rubber Products at the relevant processing facility.
- (2) The engineering specified capacities of our natural rubber processing facilities are derived from the specifications certified or provided by the supplier of the relevant processing machinery.
- (3) Calculated based on actual production volume of the relevant processing facility for the relevant period divided by the weighted average effective capacity for that period, and in the case of production facilities that commenced operations during the relevant period, also taking into consideration the actual processing capacity for the relevant period.

2.3.1.2 Raw materials procurement and management

The raw materials which our rubber processing facilities utilise to produce Natural Rubber Products include cup lumps, unsmoked rubber sheets, and field latex, which respectively accounted for 73%, 12% and 15% of raw materials purchased in the financial year ended 31 December 2015, respectively.

Apart from raw materials purchasing area in our factories, we have established a network of raw material procurement centers located strategically close to sources of raw materials supply in Thailand and Indonesia. The proportion of purchasing raw material from Thailand to Indonesia was 83 : 17.

While we purchase raw materials primarily from dealers, raw materials are also sourced either directly from farmers or from farmer unions, cooperatives and rubber centre markets at which farmers sell the raw materials. As we obtain our raw materials through our procurement network from diverse sources

of raw materials, in 2015, we sourced raw materials from cooperatives, farmer unions and rubber center markets of more than 96 parties in total which calculated to be 4.5% of total raw material volumes. We also sourced from more than 6,497 dealers which calculated to be 95.5% of total raw material volumes without any supplier of raw materials or natural rubber products who accounts for 1.0% or more of our raw material purchases for the three most recent financial years apart from our purchases of natural rubber products from our joint venture entity, Thai Tech Rubber, which accounted for approximately 2.9% of our raw material purchases for the financial year ended 31 December 2015.

Our procurement team is also responsible for in-coming quality assurance. The raw materials used in our production process have to meet our specifications and are subject to our strict internal quality assurance and testing. Prior to accepting delivery of raw materials, sample testing is conducted on the raw materials. The raw materials are tested for, amongst other things, its purity and dry rubber content to ensure that it meets our requirements. The results of the sample testing are recorded and considered prior to accepting delivery of a particular batch of raw material. The other responsibilities of our procurement team include (i) monitoring the pricing and supply trend of the raw materials that we require, (ii) inventory management and (iii) allocating raw materials to our various production facilities.

While we have well-established relationships with existing dealers and suppliers, our procurement team seeks to maintain and improve our relationship with such dealers and suppliers. This is done primarily through the conduct of supplier surveys and regular visits to the local villages. In addition, our procurement team will identify new dealers and suppliers, based on our assessment of their business operations (if evaluating dealers), quality and price of raw materials.

2.3.1.3 Processing and production of Natural Rubber Products

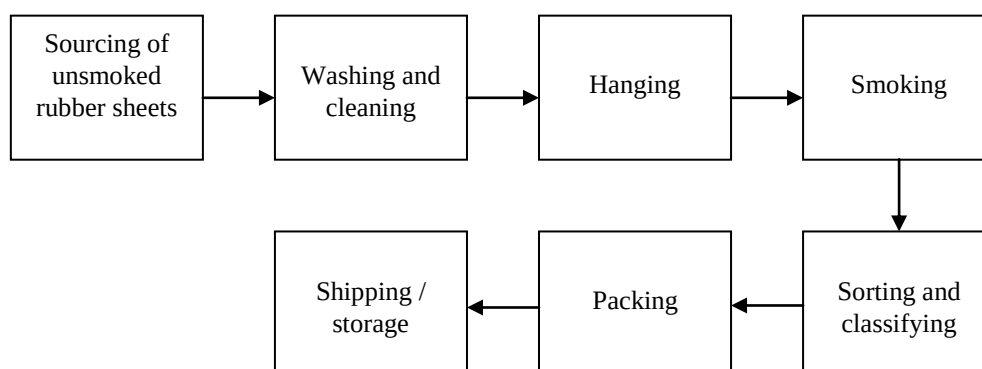
We produce three main types of Natural Rubber Products:

(1) Ribbed Smoked Sheet (RSS)

RSSs are unsmoked rubber sheets which have undergone processing and can be classified into five categories, namely, RSS1, RSS2, RSS3, RSS4 and RSS5. The classification is based on the quality of each sheet, which takes into account factors like purity, elasticity and colour.

RSS is used as a raw material in the production of products such as tyres, pipes, shoes and automobile parts. As it is a form of processed natural rubber, RSS is of a higher quality and can be subjected to dyeing treatments.

The following is an illustration of our RSS production process:



Unsmoked rubber sheets production process prior to being delivered to factories starts from the rubber farmers to collect field latex, add formic acid, and leave it for approximately 2 hours allowing it to coagulate. After that, such coagulated field latex will be rolled using a

dryer sheet to extract the water and hang on racks to dry for 7-15. Unsmoked rubber sheets are then ready to be delivered to the factory for further production process.

At the factory, the unsmoked rubber sheets will be categorized based on moistness. Those unqualified unsmoked rubber sheets will be rejected at this stage. The qualified unsmoked rubber sheets will be washed out all dirt before hanging and transferring into a smoke house where they are smoked for several days at controlled temperatures. After that, RSS will be manually sorted and visually classified into RSS1, RSS2, RSS3, RSS4, and RSS5 based on quality. These are then packed into bales for shipment or storage.

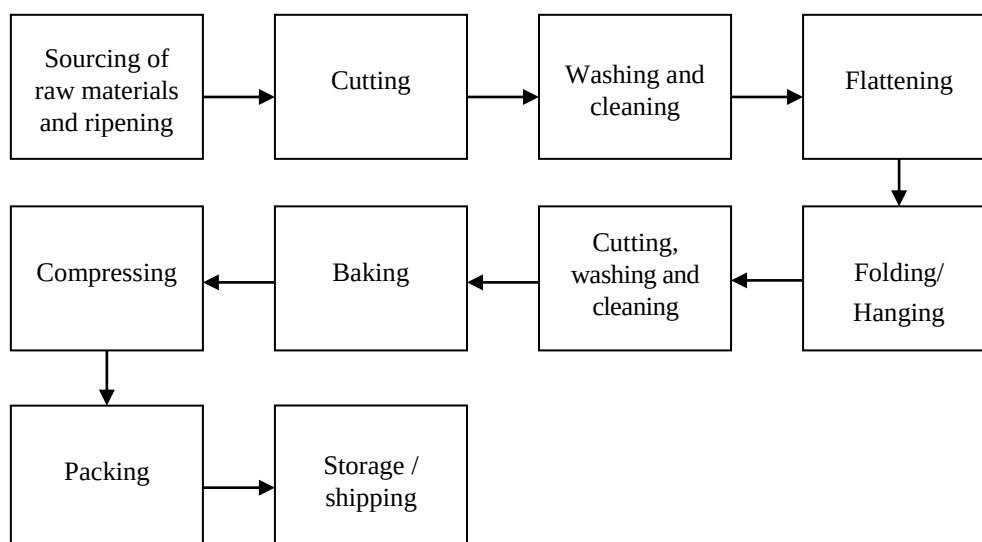
(2) Technically Specified Rubber (TSR)

TSR or block rubber is produced from raw materials such as cup lump and unsmoked rubber sheets. Cup lump is produced when field latex is allowed or made to coagulate in the cup in which it is collected. Unlike RSS, the quality of TSR is determined through TSR testing standard in laboratory. We produce two main types of TSRs — the Standard Thai Rubber (STR) and the Standard Indonesian Rubber (SIR). TSR is a raw material used mainly in the production of tyres for automobiles and airplanes.

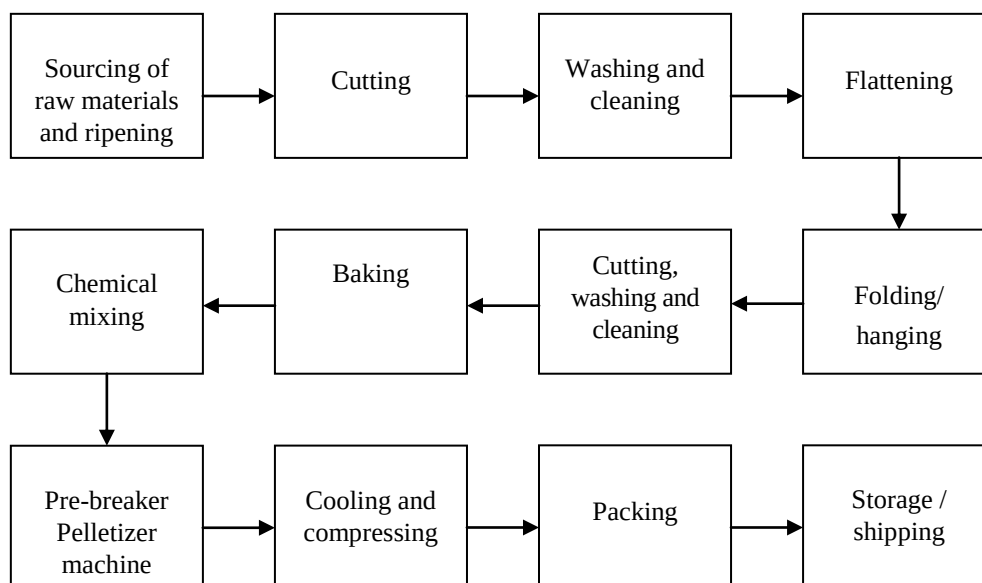
There are two processes in our production of TSRs — the “STR” process and the “compound rubber” process. Both processes are mainly automated.

The following is an illustration of our TSR production processes:

“STR” process



In the “STR” process, the raw materials are cut into smaller pieces, washed and cleaned before being ground by rollers and flattened to form rubber crepes. The rubber crepes are then folded or placed on racks to dry for approximately 10 to 15 days. Once dried, the rubber crepes are cut into smaller pieces before being washed to remove the remaining dirt and impurities. It is then digested into smaller pieces and passed through baking process before being compressed into rubber blocks and packed for storage and shipment.

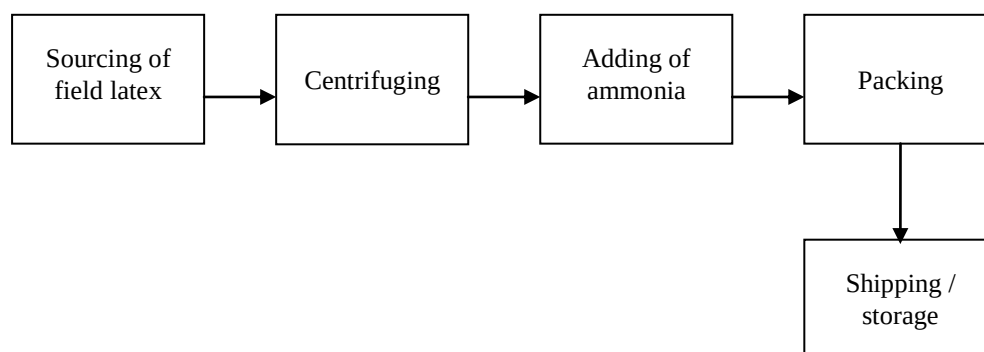
“Compound rubber” process

In the “compound rubber” process, the raw materials are cut into smaller pieces, washed and cleaned before being ground by rollers and flattened to form rubber crepes. The rubber crepes are then placed on racks to dry for approximately 10 to 15 days. Once dried, the rubber crepes are cut into smaller pieces before being washed to remove the remaining dirt and impurities and then being digested into smaller pieces to bake. The resultant rubber mixture with chemical or synthetic rubber depending on the formula is then allowed to cool before it is compressed into rubber blocks and packed for storage and shipment.

(3) Concentrated Latex

Concentrated Latex is derived from field latex and is liquid latex with a dry rubber content of approximately 60.0%. It is one of the cleanest forms of rubber and is used primarily in the production of various products such as, latex examination gloves, condoms, elastic threads and adhesives.

The following is an illustration of our Concentrated Latex production process:



Field latex is tapped by farmers from the rubber tree and collected. To prevent the field latex from coagulating during transportation to the processing facility, ammonia, among other chemicals, is added to the field latex by the collectors. At the processing facility, the mixture is centrifuged to separate impurities and to obtain a latex concentration containing approximately 60.0% dry rubber content. Ammonia is then added back to the extract to prevent it from coagulating before it is packed and prepared for shipment or storage. The quality of the Concentrated Latex is dependent on the level of ammonia in it. There are generally three grades of Concentrated Latex — high ammonia latex, medium ammonia latex and low ammonia latex.

2.3.1.4 Quality assurance

We have implemented comprehensive quality assurance and monitoring procedures to ensure that our products meet our stringent quality control standards and the expectations and requirements of our customers. Our quality assurance system encompasses stringent quality control checks at each stage of our production processes, from procurement and processing of raw materials, to the inspection of the end product.

As at 31 December 2015, we have received the following quality assurance certifications and awards in respect of our Natural Rubber Products production processes and/or the Natural Rubber Products that we produce:

For the operation of	Name of certification/ award	Awarding body/ authority	Validity period of certificate/award	Process/Natural Rubber Product awarded
STA (Trang)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of RSS and Concentrated Latex
	ISO14001:2004	TÜV Rheinland Cert GmbH	6 October 2015 to 14 September 2018	Manufacture of Concentrated Latex
STA (Chumporn)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of Concentrated Latex
STA (Surat Thani)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of Concentrated Latex and skim crepe
STA (Kanchanadit)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of Concentrated Latex and skim crepe
STA (Hat Yai)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of RSS
	ISO14001:2004	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of RSS
	BS OHSAS18001:2007	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of RSS
STA (Thungsong)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of TSR and compound rubber
	ISO14001:2004	TÜV Rheinland Cert GmbH	6 October 2015 to 14 September 2018	Manufacture of TSR and compound rubber

For the operation of	Name of certification/ award	Awarding body/ authority	Validity period of certificate/award	Process/Natural Rubber Product awarded
STA (Sikao)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of TSR and compound rubber
	ISO14001:2004	TÜV Rheinland Cert GmbH	6 October 2015 to 14 September 2018	Manufacture of TSR and compound rubber
STA (Huay Nang)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of TSR and compound rubber
STA (Udon Thani)	ISO9001:2008	TÜV Rheinland Cert GmbH	16 May 2015 to 15 May 2018	Manufacture of TSR and compound rubber
	ISO14001:2004	TÜV Rheinland Cert GmbH	6 October 2015 to 14 September 2018	Manufacture of TSR and compound rubber
STA (Ubon Ratchthani)	ISO9001:2008	TÜV Rheinland Cert GmbH	16 May 2015 to 15 May 2018	Manufacture of TSR and compound rubber
STA (Phitsanulok)	ISO9001:2008	TÜV Rheinland Cert GmbH	16 May 2015 to 15 May 2018	Manufacture of TSR and compound rubber
STA Group	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of RSS, Concentrated Latex, compounded rubber, and skim crepe
Rubberland Product (Hat Yai)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of Concentrated Latex
Rubberland Product (Bueng Karn)	ISO9001:2008	TÜV Rheinland Cert GmbH	16 May 2015 to 15 May 2018	Manufacture of TSR and compound rubber
	ISO 14001:2004	TÜV Rheinland Cert GmbH	6 October 2015 to 14 September 2018	Manufacture of TSR and compound rubber
Rubberland Product (Buriram)	ISO9001:2008	TÜV Rheinland Cert GmbH	16 May 2015 to 15 May 2018	Manufacture of TSR and
	ISO 14001:2004	TÜV Rheinland Cert GmbH	6 October 2015 to 14 September 2018	Manufacture of TSR and compound rubber

For the operation of	Name of certification/ award	Awarding body/ authority	Validity period of certificate/award	Process/Natural Rubber Product awarded
Rubberland Product (Mukdahan)	ISO9001:2008	TÜV Rheinland Cert GmbH	16 May 2015 to 15 May 2018	Manufacture of TSR and compound rubber
	ISO 14001:2004	TÜV Rheinland Cert GmbH	6 October 2015 to 14 September 2018	Manufacture of TSR and compound rubber
Nam Hua Rubber (Sadao)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of Concentrated Latex
	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of TSR and compound rubber
Sadao P.S. Rubber (Sadao)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of RSS
PT Sri Trang Lingga	ISO 9001:2008	TÜV Rheinland Cert GmbH	7 August 2013 to 8 August 2016	Manufacture of TSR
PT Star Rubber	ISO 9001:2008	LSSM BIPA	14 January 2015 to 13 January 2018	Manufacture of TSR and compound rubber
Premier System Engineering (Hat Yai)	ISO9001:2008	Management System Certification Institute (Thailand)	27 May 2013 to 26 May 2016	Design and development, manufacture, installation and maintenance services for machinery and electrical devices.
	BSOHSAS18001:2007	TÜV Rheinland Cert GmbH	29 October 2015 to 28 October 2018	Design, production, installation and maintenance service for machinery and electrical devices, service for calibration and information technology
	ISO/IEC 17025:2005	Thai Industrial Standards Institute (TISI)	20 March 2015 to 19 March 2018	Standard calibration laboratory

For the operation of	Name of certification/ award	Awarding body/ authority	Validity period of certificate/award	Process/Natural Rubber Product awarded
Starlight Express Transport (Trang)	ISO9001: 2008	Management System Certification Institute (Thailand)	25 June 2013 to 24 June 2016	Services of land transport, import-export, forklift rental and forklift maintenance
Anvar Parawood (Songkhla, Buengkan, and Phitsanulok)	ISO9001: 2008	Management System Certification Institute (Thailand)	8 May 2015 to 26 May 2016	Production and distribution of processed dried rubber wood and other 13 types of woods

In-processing quality assurance

We conduct random in-process sampling at every stage of our production process to ensure that the Natural Rubber Products that we produce meet our stringent quality standards and that our production capacity is effectively utilised. For example, prior to the packing and storage of our TSRs at our rubber processing facilities, samples of our TSR will be sent to our quality assurance department for testing to ensure that the TSR meets industry specifications.

Out-going quality assurance

All of the finished Natural Rubber Products that we produce are subject to a further round of quality inspection after packaging and labelling to ensure that they meet the quality criteria established by our quality inspection department. Finished Natural Rubber Products that do not meet our quality standards will be removed, recorded and analysed by our quality assurance department to identify the issues and to refine our production processes to reduce such occurrences. Our quality assurance department also monitors and ensures that the finished Natural Rubber Products are properly handled and stored in accordance with our ISO9001 requirements.

Pre-delivery quality assurance

Prior to delivery, we would conduct a final round of inspection of the finished Natural Rubber Product to ensure that it is delivered to our customers in good condition and that they meet our customers' specifications.

2.3.1.5 Shipping, logistics and maintenance

In Thailand, services for shipping and logistics activities in relation to the sale of Natural Rubber Products are provided by our subsidiary, Starlight Express Transport. Such services include the arrangement of product shipping and the preparation of the related import and export documentation.

We typically engage third party transportation and freight forwarding companies to provide services in relation to shipping and logistics activities relating to the export of the Natural Rubber Products that we sell.

Our subsidiary, Premier System Engineering, is responsible for carrying out general maintenance on all of our Group's machinery and equipment as well as the machinery and equipment of certain of our associates. The maintenance team of Premier System Engineering comprises qualified engineers and technicians who have been appropriately trained.

2.3.2 Disposable Examination Gloves

2.3.2.1 Factories and Production Capacities

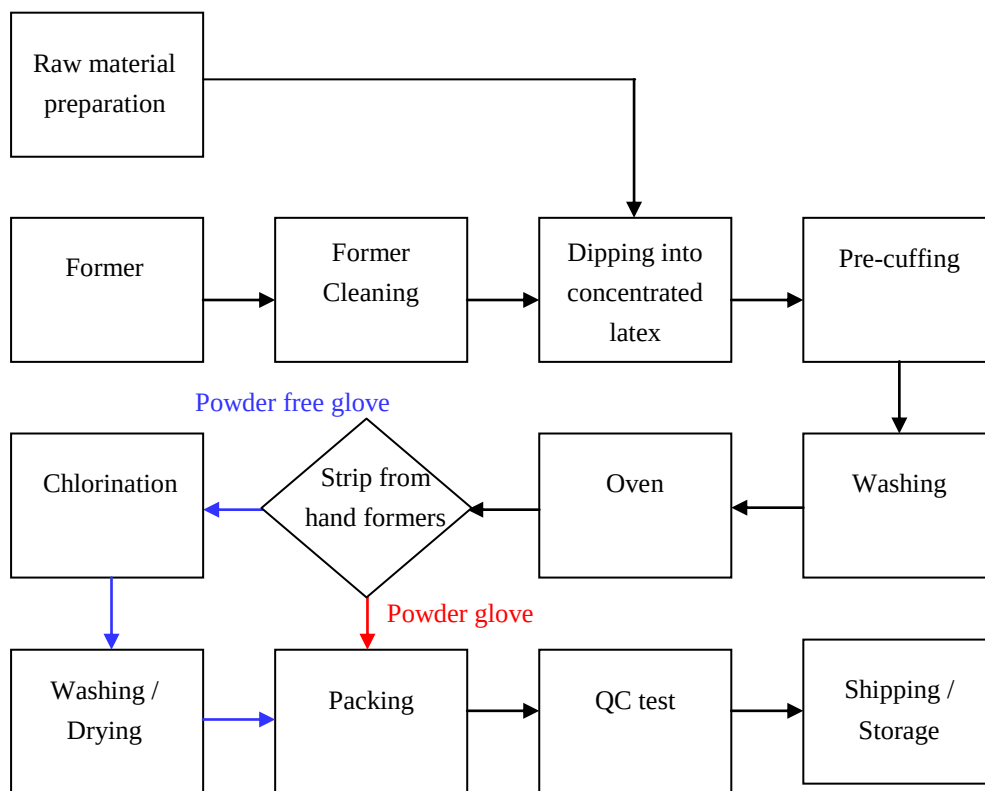
As at 31 December 2015, SSC has 4 processing plants in Thailand with a total production capacity of approximately 14 billion glove pieces annually. We believe that SSC is Thailand's largest disposable examination gloves producer and one of the leading producers of latex and nitrile disposable examination gloves globally.

2.3.2.2 Raw materials procurement and management

The base raw material SSC requires for its production of its latex disposable examination gloves is Concentrated Latex which is supplied by our Group and nitrile latex which is supplied by third parties.

2.3.2.3 Production of disposable examination gloves

The following is an illustration of SSC's production process of latex and nitrile examination gloves:



The base raw material used is compounded with chemicals, which varies with our customers' specifications. After compounding, the mixture is transferred into a dipping tank where hand formers, which are first cleaned, are dipped into the mixture, coated with a thin layer of latex and then dried in controlled temperatures. The hand formers are then immersed in a leaching tank to wash away water-soluble materials, to ensure cleanliness. This is followed by curing in ovens. Thereafter, the examination gloves are stripped from the hand formers prior to packing and export. For the powder free glove, a chlorine substance will be added to make it easier to wear prior to putting it into drying process. Finally, all the gloves are tested according to certain examination glove standards such as ASTM and EN Standard before they are packed and prepared for shipment or storage.

2.2.3 Environment, Health and Safety

2.2.3.1 Environmental Regulation

Our operations are subject to significant environmental laws and regulations, including the Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (A.D. 1992) (the “Environmental Act”). In 1992, Thailand strengthened its environmental laws and regulations in order to promote sustainable development and to better protect the natural environment. The 2007 Thai Constitution also contains definitions and provisions relating to the government’s responsibility and the citizen’s rights in the management and development of natural resources and the environment.

Environmental laws and regulations that primarily relate to air emissions and water discharged from our facilities affect all aspects of our business, including rubber manufacturing and the construction and maintenance of our facilities. We are required by environmental law to maintain the emissions of our various facilities within certain limits.

According to the Environmental Act, operators of pollution-generating facilities are required to install pollution control equipment and must collect data and compile statistics on the daily operations of their facilities and pollution control equipment, and keep and compile records on pollution sources. In addition, they must submit monthly summary reports that provide information on the functioning of their facilities and equipment to the local authorities. Pollution control officials are authorised to enter buildings and premises where business facilities or sources of pollution are located in order to inspect the functioning of the facilities and equipment. They have the authority to issue written orders to require the owners, persons in possession, or person(s) monitoring or controlling the operation to correct, modify, improve, or repair the facilities or equipment. Moreover, the officials have the statutory power to impose a fine on the owners or persons in possession of the sources of pollution for breach of their obligations under the Environmental Act. The officials may recommend the closure of the plants or premises, the suspension or revocation of licenses, or the suspension of the operation of facilities that illegally discharge sewage or other pollutants into the environment. If leakage or contamination from any point source of pollution is the cause of death or injury of any person, or has caused damage in any manner to the property of any private person or of the state, then the owner or the possessor of such a point source is liable to pay compensation, regardless of whether the leakage or contamination is the result of a willful or negligent act on the part of the owner or the possessor of the facility. Compensation for which a business enterprise may be liable includes all costs incurred by the government in cleaning up the pollution. Violation of the provisions of the Environmental Act may also lead to criminal sanctions consisting of a fine or imprisonment, or both.

In addition to the Environmental Act, the Factory Act B.E. 2535 empowers the Minister of Industry to issue ministerial regulations to impose obligations on business facilities to observe requirements concerning protection of the environment including the standards and methods to control the discharge of waste, pollutants, or anything that affects the environment in the normal course of business. Under this law, any operator acting in contravention of the regulations imposed by the ministry may be subject to a shutdown order and a fine not exceeding Baht 200,000.

In accordance with the Public Health Act B.E. 2535, the Pollution Control Department is involved in a wide range of waste disposal issues, from overseeing the process of waste transportation and disposal to establishing criteria aimed at controlling public nuisance caused by odor, light, radiation, sound, heat, vibration, dust, toxic tar and ash, and other hazardous substances. Under this law, any operator acting in contravention of an order to eliminate any public nuisance may be subject to a shutdown order or such contravention may lead to criminal sanctions consisting of a fine or imprisonment, or both.

The primary governmental bodies which supervise our operations are the Office of Natural Resources and Environmental Policy and Planning, the Pollution Control Department and the Department of Industrial Works.

2.3.3.2 Group's environmental policy and practice

Management of the Group has been focusing on the environment and has announced the environmental policy since 2011 to implement environmental management systems. The Group is committed and ready to work with its sense of responsibility towards the environment. Environmental Management Systems (EMS/ISO14001) is implemented in our organization with the objectives, goals, plans, and activities on the environment as well as plan follow-up under the slogan "Environmental conservation with care and treatment, Sri Trang will develop and add value for society". The Group's environmental performances in accordance with laws and regulations were as follows;

- to comply with laws, regulations, and legislations of government agencies or related environmental unit;
- to prevent and reduce waste as well as implement policies to minimise the adverse effects to the environment;
- to continually develop and improve on our environmental management systems by checking and follow-up;
- to conserve resources and energy and ensure that they are utilised efficiently;
- to educate and increase the awareness of environmental issues among our employees as well as to know how to prevent significant impact on the environment; and
- to disclose our environmental policy to the public

Environmental Management

The Company has been adopting the environmental management system for a long time, especially in factories that pose higher environmental risks. The aim of the Company is to earn an ISO 14001 certification within a year after the factory establishment or after the plant has been certified with ISO 9001. In 2015, there are a total of 8 factories that adopted the ISO 14001, each of which has their own internal inspector and certified external assessor.

The environmental effects from the operations of the Company including its activities, products and services will be indicated, assessed and determined for necessary controls. Any environmental concerns that were found to have significant effects will be taken into serious consideration to determine the objectives, targets, action plans and environmental improvement projects such as the reduction of the use of chemicals and energy resources and recycling of resources. This is to reduce wastes that should be disposed of so as to control the environmental impacts to be complied with the conditions and the regulations. In addition, the Company has determined that the monitoring plan to ensure environmental preservation and protection such as monitoring the quality of water, air, chemical vapors. During the past 3 years (2013 - 2015), the results of monitoring and measurement have been under control and complied with laws and regulations. In case that there is any measurement that does not pass the standards or regulations, the Company will take immediate corrective actions to prevent and maintain its compliance with such standards.

Water Pollution Management

The Company always maintains quality waste water treatment system. Every month, we regularly inspect our effluent water; the water released into the environment is met with the effluent standard stated by law. Furthermore, we have been developing the activated sludge system in the Northeastern part of Thailand; that could potentially provide us with a 100% recyclable clean water to help reduce the input of natural water from outside sources into the plant that might cause other environmental impact. The rubber factories have adopted a close activated sludge system, where there is no effluent released into nearby public water streams. From this treatment, we also gain nitrogen, plants fertilisers from such water treatment system.

Air Pollution Management

The Company has installed air pollution control systems in accordance with the type of productions. Smells of raw material cup lump rubber in STR factory, wood vinegar has been used to reduce odor. STR factories have installed odor emission control system for the process of rubber drying and from compound lines. The factories also use boiler with a multi-cyclone system to reduce the odor before emission. The odor quality passes the standard air/odor quality stated by law after every inspection.

Waste Management

The Company has installed 3R system (reduce reuse recycle) to manage the different types of wastes from factories including developing work flow in order to lower the amount of wastes and to effectively put natural resources to the best use as possible and the amount of waste needed to be destroyed by set up waste management procedure. On monthly basis, the Company also collects data from every factory and conducts surprise checks of the 5S' for annual assessment. About sending to elimination of company assigned to a licensed disposal company is registered with the Department of Industrial Works.

Energy Sufficiency and Renewable Energy

The Company has been adhering to the Energy Conservation Act, by carrying out measures to preserve energy, including, the use of energy saving equipment and alternative energy; using biomass in boilers to bake rubber instead of diesel, as well as lower the use of LPG.

We also hold a license for the storage of hazardous and waste disposal and comply with the Environmental Monitoring Efforts Report and Management Efforts Report for our operations in Indonesia.

2.3.3.3 Occupational Health and Safety

Occupational Health and Safety

The Company has always adhere to the regulations concerning occupational health and safety, paying extra attention to the health and safety of all employees, since the Company realised that each and every employee is the most important resource for the Company and is one of the main contributors to the organisation. To fulfill the obligation of making sure that all employees are health and safe, the Company has provided the employees with health insurance, regular medical checkups, health checkup based on risk factors, safe working atmospheres, along with a frequent inspection of the environment within working areas, which include, noise, light, dust, heat, and gas levels.

Safety officers have been in charge of carrying out safety operations in accordance with the laws regulations and other requirements related to occupational health and safety such as annual checking of the conditions of building, the security of electric system, the lightning rod resistance, the transformer etc. Additionally, the Company has continued to improve for the best safety working place by developing activities to prevent any risks that may result in injury and / or damage to the health of employees or persons under the operation of the organisation including investigation and analysis for the accidents from operation. The Company also organises trainings to provide knowledge on safety, chemical substances, inspections of personal protective equipment, equipment for emergency, annual emergency drills based on risk assessments carried out by the organisation. The practice is always conducted under the standards responsible by safety officers of the Company, the Safety Committee, the Committee of Occupational Health and Environment at Work and monitoring the security team of the organization under the inspection of the government officers throughout the year.

Apart from the safety of employees, the Company also takes into account the safety of contractors, outsources, and other interested persons hired to work within the Company's premises by providing them with handbook, monitoring their operation, and trainings to equip them with the best safety protection during their operations within the Company's grounds.

3. RISK FACTORS

Our Company is exposed to a number of risks that may affect its business and the value of its shares. The following sets out some of the significant risks that may affect the Company. However, 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 operation of the Company in the future.

3.1 Risks Relating to Our Industry and Our Business

1) **Prices of commodities in general, including natural rubber, are susceptible to price fluctuations.**

Prices of commodities in general, including natural rubber, have been volatile and we, like other participants in the natural rubber industry, have limited influence over the timing and extent of the price changes for natural rubber. The price of natural rubber and the Natural Rubber Products that we sell, like most commodities, are affected by a number of factors including but not limited to the following:

- *Supply and demand for natural rubber* — An increase in the supply of natural rubber or a decrease in world consumption level of natural rubber could create supply surplus which could, in turn, result in a decrease in average selling prices of the Natural Rubber Products that we sell;
- *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, the prices of synthetic rubber usually move along with crude oil prices, and the price fluctuations of synthetic rubber affects the pricing and demand for natural rubber;
- *Currency movements* — 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;
- *Speculation* — As natural rubber and certain of the Natural Rubber Products we sell are traded at various commodity future exchanges, they are susceptible to price speculation in addition to local and global economic factors; and
- *Government intervention* — The governments of natural rubber producing countries such as Thailand, Indonesia and Malaysia may from time to time introduce policies to support the natural rubber industry in their respective countries. For example, the Indonesian government had imposed export quotas in relation to natural rubber in 2009, in response to the drop in the price of natural rubber, which restricted our ability to operate our factories in Indonesia at full capacity. In addition, in 2012, price intervention of the Thai government to provide loans with total amount of THB 45.0 billion to the state-run Rubber Estate Organisation and cooperatives through the Bank for Agriculture and Agricultural Cooperatives to buy rubber from farmers at prices above market prices directly impacted our raw material costs. Moreover, the cooperative agreement among Thailand, Indonesia, and Malaysia in August 2012 to withdraw natural rubber exports of 300,000 tons during October 2012 to March 2013 also affected the export volume of natural rubber producer during such period. Recently in December 2014, Thai government approved THB 20.0 billion price intervention plan through the rubber fund scheme. The plan was an attempt to mitigate the falling natural rubber price by buying ribbed smoked sheet rubbers (RSS) through auction markets countrywide at higher-than-market price. As a result, the local RSS price increased, whereas the global market price did not move in the same

magnitude. This could create a negative impact on the costs structure and profitability of Thai natural rubber exporters.

Other unpredictable factors which affect the price of natural rubber and the Natural Rubber Products that we sell include economic growth rates, foreign and domestic interest rates and trade policies.

If we are unable to pass on the increase in raw material costs to our customers and/or suppliers, our profitability may be adversely affected. If the market prices of the Natural Rubber Products that we sell are volatile, our business, financial condition and results of operations could be materially and adversely affected.

A significant portion of the sales of the Natural Rubber Products that we sell are for use in the tyre manufacturing industry which exposes us to downturns in this industry.

The Natural Rubber Products that we sell include RSS, TSR and Concentrated Latex. Global demand for such products, in particular TSR, is significantly dependent upon the tire manufacturing industry. Our customers include tire manufacturers in the emerging markets such as the PRC and India and leading global tire manufacturers. The majority of our sales of Natural Rubber Products are made to tire manufacturers. If the level of activity in the tire manufacturing industry declines, the demand for the Natural Rubber Products that we sell may decrease and our business, financial condition and results of operations may be adversely affected.

Our business, financial condition and results of operations may be adversely affected by fluctuations in exchange rates and foreign exchange controls.

While our financial reporting currency is Baht and our raw material purchases for the Natural Rubber Products that we produce are transacted in Baht and Indonesian Rupiah, approximately 74% of our total revenues are denominated in US Dollars. In addition, the Company's Shares will also be quoted in Singapore Dollars on the SGX-ST while dividends, if any, will be paid in Baht. Fluctuations in the exchange rates between the Baht, Indonesian Rupiah, US Dollars, Singapore Dollar or other currencies, could adversely affect our business, financial condition and operating results as well as the foreign currency value of any dividend distributions. Any fluctuations in the exchange rates between the Baht, Indonesian Rupiah and Malaysian Ringgit could adversely affect our price competitiveness in relation to other natural rubber processors from Indonesia and Malaysia.

We attempt to mitigate foreign exchange risks using financial derivatives to hedge our foreign exchange exposures arising from purchase and sale of products in currencies other than Baht. Should we be unable to successfully hedge our foreign exchange exposures, we may have a greater exposure to foreign exchange fluctuations and our financial condition and results of operations may be adversely affected.

Our Group is dependent upon the services of key management staffs.

Since natural rubber industry is a niche market, 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 staffs as well as to attract and train new managers. If members of our senior management team are unable or unwilling to continue in their present positions, we may not be able to hire satisfactory replacements and our business may be adversely affected. In addition, the process of hiring new managers with the required combination of skills and attributes may be time-consuming and competitive. We may not be able to attract additional qualified persons to complement our expansion plans. As a result, our business and results of operations may be adversely affected.

We are a capital intensive business and our operations could be adversely affected if we fail to maintain sufficient levels of working capital.

Natural rubber business requires a significant amount of cash to operate, principally on the purchase of raw materials such as unsmoked rubber sheets, cup lumps and field latex, the Natural Rubber Products which we purchase from third party producers and from our joint venture entity, Thai Tech Rubber, from time to time, to meet customers' demand and also on the storage of the Natural Rubber Products to facilitate our sales in overseas markets. The working capital cycle for the Natural Rubber Products that we produce, from the purchase of raw materials to the receipt of payment from our customers, is approximately two to four months. We may also require substantial capital expenditures to maintain, upgrade and expand our processing and storage facilities, logistic services and other facilities to keep pace with competitive developments, technological advancement and changing safety and environmental standards in our industry. We fund our operations principally through cash flow from our operations and short and long-term bank loans.

As at 31 December 2015, we had cash and cash equivalents of approximately Baht 2,197.2 million and the majority of our total borrowings comprised short-term borrowings. We can provide no assurance that we will not experience negative cash and cash equivalents in the future. In the event that we are unable to maintain sufficient cash, generate sufficient revenue from our operations, or obtain or secure sufficient borrowings, we may not have sufficient cash flow to fund our operations and our business and operating results will be adversely affected.

Difficult conditions in the global credit markets could adversely impact the cost or other terms of our existing financing.

As at 31 December 2015, we have an aggregate of Baht 17,639.8 million in short and long term bank loans with the respective proportion of 78.8% and 21.2% to the total bank loans, with interest rates ranging from 1.2% to 12.3% per annum depending on the currency on which the loans are denominated. Difficult conditions in the global credit markets could adversely impact the cost or other terms of our existing financing as well as our ability to obtain new credit facilities or access the capital markets on favourable terms. A significant increase in our borrowing costs could impair our ability to compete effectively in our business relative to competitors with lower amounts of indebtedness.

We may be affected by adverse weather conditions and/or diseases which could lead to price fluctuations and an increase in our operating costs.

Unsmoked rubber sheets, cup lumps and field latex are the primary raw materials for natural rubber products. The availability of these raw materials from suppliers as well as our ability to harvest field latex from our own rubber plantations in the future may be adversely affected by unfavourable weather conditions such as drought, floods, prolonged periods of rainfall, storms etc. and/or diseases which has infected the rubber plantations from which suppliers purchase the raw materials or our own rubber plantations in the future. Such events, especially if continued for a prolonged period, could affect the overall yield of such raw materials and consequently lead to price fluctuations. Any substantial decrease in the supply of, and increase in the cost of raw materials could increase our operating costs, affect our production capacity and consequently have a material adverse effect on our business, financial condition and operational results.

There may be disruptions at our processing facilities as well as the processing facilities of our associates and joint venture entity which would have an adverse effect on our operations and those of our associates and joint venture entity.

Our production processes and those of our associates and joint venture entity require significant use of resources to run our processing facilities and those of our associates and joint venture entity. Natural disasters, acts of God, a shortage of labour, major or sustained disruptions in the supply of utilities such as water or electricity and other calamities or events

beyond our control. For example, the torrential floods occurred in southern Thailand in November 2010 and January 2012 may lead to significant disruption or a cessation in processing at our processing facilities and those of our associates and joint venture entities. Such disruptions would have an adverse effect on our operations and those of our associates and joint venture entities and would result in longer lead-time for processing and delayed delivery to customers.

Our Company depends on distributions from our principal operating subsidiaries, associates and joint venture entity which may in turn affect our Company's cashflow

Our Company is dependent on distributions from our principal operating subsidiaries, associates and joint venture entities to meet our financial obligations, including the payment of principal and interest of our indebtedness.

Our Company will receive distributions made by our subsidiaries, associates and joint venture entities based on our ownership interest. However, should revenues or operating performance of our principal operating subsidiaries, associates and joint venture entity be decreased, the rate and value of the dividends from such principal operating subsidiaries, associates and joint venture entities could decline. Consequently, our Company's cashflow might be adversely affected.

The demand for natural rubber products could be affected by the emergence of synthetic rubber substitutes.

Our sales of Natural Rubber Products, which are produced from natural rubber, accounted for 89.3% of our Group's revenue for the financial year ended 31 December 2015. There are a variety of synthetic rubbers available in the market which can be used as substitutes for natural rubber in the manufacture of rubber products. Factors such as increased global demand for rubber, volatile pricing of natural rubber, increasing natural rubber price compared to synthetic rubber, risks of supply disruption driven 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 the decrease in demand for natural rubber products, which may have a material adverse effect on our business, financial condition and operational results.

Expiry of concessionary tax rates and/or exempt tax status for certain of our subsidiaries and associates will have an adverse impact on our profitability.

Our subsidiary, Sri Trang International, enjoys certain tax benefits under the Global Trader Programme launched by International Enterprise Singapore, pursuant to which Sri Trang International is only taxed on 10.0% of its qualifying income (i.e. income which is derived from offshore sales or sales to companies under the Global Trader Programme).

In addition, our Company and certain of our subsidiaries and associates which are incorporated in Thailand have been granted certain privileges, including exemption from certain taxes, at various times by the Board of Investment of Thailand, in relation to our respective operations.

In the event of any expiry of such tax benefits, Sri Trang International, our Company and our relevant subsidiaries and joint ventures entities will be liable to the applicable taxes at the prevailing rates. This will subsequently have an adverse impact on our profitability.

Our Group may be adversely affected by the imposition and enforcement of more stringent environmental regulations.

Our Group is subject to a variety of laws and regulations that promote environmentally and socially sound operating practices. Our Group's principal environmental concerns relate primarily to the discharge of effluent resulting from the processing of natural rubber. Any environmental claims or the failure to comply with any present or future regulations could

result in the assessment of damages or the imposition of fines, the suspension or a cessation of our Group's operations.

Environmental regulations and social practices in the countries in which our Group operates tend to be less stringent than those in developed countries. It is possible that these regulations and/or social practices could become more stringent in the future and consequently have an adverse effect on our operations and financial condition. Any failure to comply with the laws and regulations could subject our Group to liabilities which may affect our business, financial condition, operational results and prospects.

2) Risks Relating to the Countries in Which We Operate

Economic, political, legal and regulatory conditions in the countries in which we operate may materially and adversely affect our business, financial condition, results of operations, prospects and the market price of our Shares.

We have operations and investments in countries such as Thailand, Singapore, Indonesia, USA, and the PRC, each of which contributed 60.8%, 28.7%, 4.3%, 3.7% and 2.5% of total revenues, respectively. Accordingly, we are subject to the risks associated with our business activities in these countries. Our business, financial condition, operational 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, change in political climate and general security concerns;
- changes in legal and regulatory conditions;
- changes in duties payable and taxation rates;
- natural disasters;
- imposition of restrictions on foreign currency conversion or the transfer of funds; or
- expropriation or nationalisation of private enterprise or confiscation of private property or assets.

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

3.2 Risks Relating to an Investment in Our Shares

Our foreign ownership restrictions could limit your ability to transfer our Shares and limit our ability to raise equity financing.

Our Articles of Association provide that no more than 49.0% of our Company's issued and outstanding Shares may be held by non-Thai persons. Our Articles of Association also provide that transfers of Shares in violation of applicable foreign ownership limitations may be restricted. In the event that the applicable foreign ownership limitations have been reached, Thai Shareholders may not be able to transfer their Shares to persons who are non-Thai nationals. As a result, the liquidity and market price for our Shares may be adversely affected.

4. OPERATING ASSETS**4.1 Fixed Assets of the Company**

As of 31 December 2015, the book value of the Company's total fixed assets, less accumulated depreciation and reserves for impairment, used in business operations as shown in the consolidated financial statements of the Company is Baht 16,406.7 million or 37.4 % of the total assets. The details are as follows:

Unit : Baht million

Descriptions	Book Value Less Accumulated Depreciation as of	Contingent Liabilities ²
	31 December 2015 ¹	31 December 2015
Land and land improvement	6,847.8	163.5
Rubber and palm plantations	1,221.2	-
Buildings and structures	4,034.4	789.0
Machinery and equipment	2,651.2	389.3
Vehicles	287.6	-
Fixtures and office equipment	177.8	-
Assets under construction and installation	1,186.7	-
Total net book amount	16,406.7	1,341.8

Note:

1) As of 31 December 2015, all property, plant and equipment assets are owned by the company except land and land improvements which consist of portion owned by the company equals to Baht 6,634.2 million and portion leased by the company equals to Baht 213.6 million.

2) As of 31 December 2015, certain plots of land, land improvement, buildings and structures, and machinery and equipment of certain subsidiaries with net book value amounting of Baht 1,341.8 million have been mortgaged as collateral for overdrafts and short-term loans and long-term loans from the financial institutions.

4.2 Intangible Assets

The Company used intangible assets in its business operations. As of 31 December 2015, the net book value of the intangible assets is Baht 330.3 million or 0.8% of the total assets consists of computer software.

4.3 Long-term Lease

We lease various properties on which certain of offices and processing facilities are located. The following table sets forth information relating to the material lease agreements of the properties leased by us and the long-term lease agreements:

Location	Gross Area (approximate) (sq m)	Lease Term	Annual Rent	Landlord	Principal Use
STA					
Park Ventures Ecoplex, Lumpini, Pathumwan, Bangkok	1,345	1 June 2015 to 31 May 2018	Baht 13,234,111	Lertrattakarn Co., Ltd.	Office space
	132.3	1 June 2015 to 31 May 2018	Baht 1,666,980		
	491.3	1 June 2015 to 31 May 2018	Baht 6,189,876		
Sri Trang International					
No. 38-02, One Raffles Place, Singapore	474	8 January 2015 to 7 January 2018	SG\$704,076	OUB Centre Limited	Office space
Sri Trang Rubber & Plantation					
Office room no. MM211, The Office Plus, Tambol Doi Suthep, Amphur Muang Chiang Mai, Chiang Mail Province	120	1 August 2012 to 31 October 2015	Baht 648,000	The Majestic Development Co., Ltd.	Office space
Sri Trang USA, Inc.					
300 Preston Ave Suite 400 Charlottesville, VA 22902	236	15 September 2014 to 14 September 2015	US\$ 84,695	Christoph Von Burgsdorff	Office space
		15 September 2015 to 14 September 2016	US\$ 87,236		
		15 September 2016 to 14 September 2017	US\$ 89,853		
Sri Trang Indochina					
Unit 7.01A, Vietnam Business Center Building, 57-59 Ho Tung Mau Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	60	16 March 2015 to 15 March 2017	US\$16,560	Vu Khai Hoan Co.,Ltd	Office space

4.4 Intellectual Property

The Company has registered trademarks Sri Trang  and Green Rubber  both domestically and internationally for examination glove products and natural rubber products such as TSR, RSS, and Concentrated Latex.

4.5 Policies on Investment in Subsidiaries and Associates

STA has an investment policy to be the leader in the natural rubber industry. STA makes investments so that it can be in the entire supply chain, increase the product value, or obtain the services which support its businesses and which benefit the Company as a whole. The investments will be made pursuant to the economic conditions at such time.

In respect of the policies on investment in subsidiaries and associates, STA Directors will serve as directors of its subsidiaries and associates and STA may, if it is deemed appropriate, nominate its representatives to serve as directors of its subsidiaries and associates. The Directors of STA will be involved in the decision making in relation to the business management as a whole in order to enable such entities to be in line with the Group's direction.

5. LEGAL DISPUTES

On 5 September 2014, Semperit Technische Produkte Gesellschaft m.b.H. (“Semperit”) filed two requests for arbitration proceedings in Switzerland to the ICC International Court of Arbitration, alleging that (a) the Company; (b) Rubberland Products Co., Ltd. (“Rubberland Products”) (a subsidiary); and (c) other shareholders of Siam Sempermed Corp., Ltd. (“SSC”) (a joint venture company) had breached the Joint Venture Agreement and other related agreements. Semperit claimed initial damages of approximately EUR 35 million (equivalent to approximately Baht 1,393 million) and requested the arbitral tribunals to issue orders demanding that the Company and Rubberland Products (and other shareholders of SSC) undertake or refrain from undertaking certain acts with respect to SSC. Afterwards, Semperit submitted full statements of claims on 8 May 2015 and 8 July 2015.

The Company and Rubberland Products, among others, entered into the Joint Venture Agreement and other related agreements and have complied with the agreements since their execution. The dispute arose because, among others, the parties to the Joint Venture Agreement did not agree on the business plan of SSC in order to maintain and enhance its business competitiveness. In this regard, the Company and Semperit had entered into several negotiations in order to solve the conflicts among the parties for the maximum benefit of SSC but these efforts had proved to be unsuccessful results.

According to the legal advisor of the Company, the management of the Company believes that the Company is not obligated to pay the initial damages of approximately EUR 35 million as stated in the requests for arbitration proceedings submitted by Semperit because the Company and Rubberland Products did not breach any provisions of the Joint Venture Agreement and other related agreements with Semperit. Therefore, the management of the Company believes that the outcome of these disputes should not have any material impact upon the operation or the financial position of the Company and its subsidiaries.

In addition to the requests for arbitration proceedings against the Company and Rubberland Products as the parties to the Joint Venture Agreement, Semperit filed another request for arbitration against SSC. Semperit alleged that SSC had breached the Joint Venture Agreement and other commercial agreements entered into between SSC and Semperit. Semperit claimed initial damages of approximately EUR 3 million (equivalent to approximately Baht 119 million). Semperit submitted a full statement of claims on 8 June 2015.

According to the legal advisor of the Company, the management of the Company believes that there are reasonable grounds on which SSC can resist Semperit’s claims for damages in the Arbitration. Therefore, the management of the Company believes that the result of the dispute should not have any material impact upon the operation or the financial position of the Company and SSC.

Both the Company and SSC already filed the statements of defense. The disputes are under consideration of the arbitral tribunals.

In order to be conservative, the management of the Company has set aside accrued expenses in the financial statements with respect to defending the disputes in the arbitral proceedings.

6. GENERAL COMPANY INFORMATION

Information of the Company

Name of the Company (Thai)	:	บริษัท ศรีตรังแอโกรอินดัสทรี 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, 0-7423-7832
Type of Business	:	Production and export of RSS, TSR and Concentrated Latex
Registration No.	:	0107536001656
Website	:	www.sritranggroup.com
Type of Shares	:	Ordinary shares
Registered Capital	:	Baht 1,280,000,000
Paid-up Capital	:	Baht 1,280,000,000
Issued Shares	:	Baht 1,280,000,000 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

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 : 66-7447-1480-3, 66-7447-1368
 Fax : 66-7447-1290, 66-7447-1430, 66-7447-1506
 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) 17th 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. SSC

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, Tungkhai Subdistrict, Yantakao District,
Trang Province, 92140 Thailand
Type of Business : Production of examination gloves
Telephone : 66-7447-1471, 66-7429-1648-9, 66-7429-1471-5
Fax : 66-7429-1650
Type of Shares : Ordinary shares
Total number of shares directly held by STA : 6,300 shares or 31.50%

6. Semperflex Asia

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 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 : 121 Moo 4 Nhongpakrang Subdistrict, Mueng Chiang Mai
District, Chiang Mai Province, 50000 Thailand
Type of Business : Ownership and management of rubber and oil palm
plantations
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 : 419,995 shares or 83.99%

10. Thai Tech Rubber

Head Office : 2 Juti Utit 3 Road, Hatyai Subdistrict, Hatyai District,
Songkhla Province, 90110 Thailand
Type of Business : Production of TSR
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 : 200,998 shares or 33.50%

11. Pattana Agro Futures

Head Office : Wallstreet Tower, 21 Floor, 33/19 Surawongse Road,
Surawongse Subdistrict, Bangrak District, Bangkok, 10500
Thailand
Type of Business : Brokerage activities
Telephone : 66-2632-8826
Fax : 66-2632-8825
Type of Shares : Ordinary shares
Total number of shares directly held by STA : 4,000,000 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 : 53,710,000 shares or 99.99%

13. Sri Trang International

Head Office : 1 Raffles Place No. 38-02, One Raffles Place, Singapore
048616
Type of Business : Natural rubber wholesaler 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 STA : 52,000,000 shares or 100.00%

14. Sri Trang USA, Inc.

Head Office : 5401 W. Kennedy Blvd, Suite 760, Tampa, FL 33609 United
States
Type of Business : Natural rubber wholesaler in the United States
Telephone : 1-813-606-4301
Fax : 1-813-606-5431
Type of Shares : Common stock
Total number of shares directly held by STA : 1,000 shares or 100.00%

15. Sempermed USA, Inc.

Head Office : 13900, 49th Street North, Clearwater, Florida, 33762
United States

Type of Business : Distribution of examination gloves in the United States
 Telephone : 1-800-366-9545
 Fax : 1-800-763-5491
 Type of Shares : Ordinary shares
 Total number of shares directly held by STA : 1,000 shares or 25.00%

16. Shanghai Sempermed

Head Office : Room 1104, Building 11, No. 518, Xinhuan Highway,
 Songjiang District, Shanghai, 201612 Peoples Republic of
 China
 Type of Business : Wholesale, commission agency, and import & export of
 plastic
 and rubber gloves
 Telephone : 86-21-5760-9279, 86-21-5760-9289
 Fax : 86-21-5760-9389
 Type of capital : Registered capital
 Total number of shares held by SSC : 6,000,000 shares or 100.00%

17. Shanghai Semperit Rubber & Plastic Products

Head Office : No. 1155 Cangong Road, Chemical Industry Park,
 Shanghai, Peoples Republic of China, 201417
 Type of Business : Manufacture of escalator handrails
 Telephone : 86-21-3711-1788
 Fax : 86-21-3711-1780
 Type of Interest : Equity
 Total interest directly held by STA : 10.00%

18. PT Sri Trang Lingga Indonesia

Head Office : Jalan TPA2, RT.26 & 29 Keramasan, Palembang,
 South Sumatera, Palembang 30259, PO Box 1230,
 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%

19. Semperflex Shanghai

Head Office : 1255 Cangong Road, Shanghai Chemical Industrial Zone,
 Fengxian Sub-zone, Shanghai 201417 Peoples Republic of
 China
 Type of Business : Production of high-pressure Hydraulic hoses
 Telephone : 86-21-3758-1133
 Fax : 86-21-3758-1133 Ext 300
 Type of Interest : Equity
 Total interest directly held by STA : 50.00%

20. Sempermed Singapore

Head Office : 4 Battery Road, #25-01 Bank of China Building 049908
 Singapore

Type of Business : Investment holding in Sempermed Brasil
 Telephone : 65-6408-8000
 Fax : 65-6408-8001
 Type of Shares : Ordinary shares
 Total number of shares directly held by STA : 4,000,000 shares or 50.00%

21. Sempermed Brasil

Head Office : Rua João Franco de Oliveira, No. 750 – Unileste,
 City of Piracicaba – State of São Paulo, Brazil (Zip Code:
 13.422-160)
 Type of Business : Distribution and marketing of natural rubber gloves
 and synthetic rubber in Brazil
 Telephone : N/A
 Fax : N/A
 Type of capital : Quotas
 Total number of quotas held by Sempermed Singapore : 12,546,638 shares or approximately
 100.00%

22. Shi Dong Investments

Head Office : 1 Raffles Place No.38-02, One Raffles Place, Singapore
 048616
 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 : 100.00%

23. PT Star Rubber

Head Office : Jalan Trans Kalimantan KM. 16, Desa Jawa Tengah Kec.
 Sungai Ambawang, Kab Kubu Raya-Kalbar, Pontianak 78393,
 Kalimantan Barat, PO Box 7864, Indonesia
 Type of Business : Production of block rubber
 Telephone : 62-561-724-888, 62-561-724-591-2
 Fax : 62-561-724593
 Type of Shares : Ordinary shares
 Total number of shares directly held by Shi Dong Investment Pte. Ltd. : 99.00%

24. Shi Dong Shanghai Rubber

Head Office : Unit 2701, Wheelock square, No.1717 West Nanjing Road,
 Jing' an District, Shanghai, 200040 P.R.C.
 Type of Business : Distribution of Natural Rubber Products in PRC
 Telephone : 86-21-6413-7860
 Fax : 86-21-6413-7315
 Type of Interest : Equity
 Total interest held by STA : USD 5,000,000 or 100.00%

25. Sri Trang Indochina (Vietnam)

Head Office : Room no. 7.01A, 7th Floor, Vietnam Business Center Building, 57-59 Ho Tung Mau Street, Ben Nghe Ward, Distict 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%

26. Formtech Engineering (M) Sdn. Bhd.

Head Office : Lot 135, Jalan Permata 1/4, Arab-Malaysian Industrial Park 71800 Nilai, Negeri Sembilan, Malaysia

Type of Business : Production and distribution mold for glove production line

Telephone : 060-6799-5952

Fax : 060-6799-5951

Type of Interest : Equity

Total number of shares directly held by Sempermed Singapore : 82.86%

27. Sri Trang Ayeyar Rubber Industry

Head Office : Mudon Crumb Rubber Factory, 828/1221 Kankalay Plot, Kyone Phite Village, Mudon Township (12081) Mawlamyine, Mon State, Myanmar

Type of Business : Production of block rubber

Telephone : 959-9769-94561

Fax : N/A

Type of Interest : Equity

Total number of shares directly held by Sri Trang International: 59%

References**1. Share Registrar**

Thailand Securities Depository Co., Ltd.
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

2. Singapore Transfer Agent

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623

Telephone : 65-6536 5355

Fax : 65-6536 1360

3. Auditor

Mr. Paiboon Tunkoon, Certified Public Accountant (Thailand) No. 4298; or
Miss Sakuna Yamsakul, Certified Public Accountant (Thailand) No. 4906; or
Mr. Pisit Thangtanagul, Certified Public Accountant (Thailand) No. 4095
PricewaterhouseCoopers ABAS Limited
15th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok, 10120 Thailand

Telephone : 66-2344-1000, 66-2286-9999

Fax : 66-2286-5050

4. Debenture Registrar for STA No. 1/2554 and STA No. 1/2556

Siam Commercial Public Company Limited

9 Ratchadapisek Road, Chatuchak, Bangkok, 10900 Thailand

Telephone : 66-2256-2323

Fax : 66-2256-2414

5. Debenture Holder's Representative for STA No. 1/2554

Kasikornbank Public Company Limited

1 Soi Ratburana 27/1, Ratburana Road, Ratburana, Bangkok, 10140 Thailand

Telephone : 66-2222-0000

Fax : 66-2470-1144-5