

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 on 23 April 1987 as a private limited company with an initial registered capital of Baht 31 million to produce Ribbed Smoked Sheets 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 expanded its business to include Concentrated Latex and Technically Specified Rubber to cover the market's demand and continued to increase the production capacity and expand the production bases until we became the world's largest fully integrated natural rubber company.

In 1991, we filed for an initial public offering in Thailand and listed the shares on the SET on 22 August 1991. STA was converted to a public limited company on 27 December 1993. On 31 January 2011, STA made an offering of its newly issued shares to the public, including institutional investors, (Public Offering) in Singapore and listed the 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

2016: Year of Standardization

In 2016, STA implemented the "standardization," whereby all production facilities operate under the same standard of "One Cost" and "One Technology," which we believe would help to simplify our

production processes, allow us to benefit from the economies of scale, and increase the competitiveness of our products.

2017: Target 9.5

The implementation of the “standardization” in 2016 has inspired all employees of STA to increase the productiveness and efficiency within the Company. As a result, for the year 2017, STA is encouraging all employees to keep improving their performance until it gets as close as possible the level of perfection or “Target 9.5” in order to help take the Company to the ultimate target of gaining a market share of 20% of global natural rubber consumption or “STA 20.”

1.2 Significant Changes and Developments

1.2.1 Company Milestones

April 1987	Commences operations producing ribbed smoked sheets in Hat Yai District, Songkhla Province, Thailand with an initial registered capital of Baht 31.0 million.
October 1987	Establishes Anvar Parawood to produce rubberwood, which is commonly used for making furniture, and to produce pallets for use within Sri Trang Group.
March 1988	Establishes Rubberland Products, the Group’s first production facility for Concentrated Latex.
January 1989	Jointly establishes SSC with an Austria-based company to produce latex examination gloves.
March 1990	Jointly establishes Thai Tech Rubber with Southland Rubber Co., Ltd and Itochu Corporation Limited to produce TSR block rubber.
August 1991	Files for an initial public offering (IPO) of shares in Thailand and lists the shares on the Stock Exchange of Thailand (SET)
January 1994	Establishes Starlight Express Transport to provide logistics support for the Group.
March 1994	Establishes Premier System Engineering to provide support for research and development and to provide engineering services.
May 1995	Jointly establishes Shanghai Semperit with an Austria-based company to produce escalator handrails.
September 1995	Establishes Startex Rubber to hold ownership of and manage rubber plantations in the southern region of Thailand, representing the Group’s first foray into the upstream sector of the natural rubber industry.
March 1996	Jointly establishes Semperflex Asia with an Austria-based company to produce high-pressure hydraulic hoses.
March 1996	Jointly establishes Semperform Pacific with an Austria-based company to produce rubber and plastic parts.

April 1998	Jointly establishes Sempermed USA with an Austria-based company to manage the sales and marketing of medical and industrial examination gloves in the United States of America.
April 2002	Establishes Sri Trang International in Singapore, the purchasing hub for natural rubber, to manage the global distribution of the Group's natural rubber products.
March 2004	Establishes Sri Trang USA to manage the distribution of the Group's natural rubber products in the United States of America.
July 2004	Establishes sales teams in Qingdao and Shanghai to conduct direct sales of the Group's natural rubber products in the PRC.
January 2005	Establishes PT Sri Trang Lingga in Indonesia, the Group's first natural rubber procurement center and processing facility outside of Thailand.
July 2005	Jointly establishes Semperflex Shanghai with an Austria-based company to produce high-pressure hydraulic hoses in the PRC.
December 2007	Establishes Sri Trang Rubber & Plantation to hold ownership of and manage rubber plantations.
May 2008	Jointly establishes Sempermed Singapore with an Austria-based company for the acquisition of Sempermed Brasil, a distributor of examination gloves in Brazil.
August 2009	Establishes PT Star Rubber as the Group's second TSR processing facility in Indonesia.
August 2010	Expands operations in the PRC by establishing Shi Dong Shanghai, the Group's first subsidiary in the PRC.
January 2011	STA files for an offering of its newly issued shares to the public (Public Offering), including institutional investors, in Singapore and lists the shares on the SGX-ST.
December 2011	STA issues two tranches of debentures to institutional and high net-worth investors totaling Baht 2,150 million, the first issued by a rubber company in Thailand.
October 2013	Jointly establishes Sri Trang Ayeyar with Ayeyar Hinthar Holdings Co., Ltd. to expand the Group's natural rubber processing operations into Myanmar.
November 2013	Semperform Pacific completes its liquidation process
December 2013	Establishes Sri Trang Indochina in Ho Chi Minh, the Group's first subsidiary in Vietnam, to manage the sales and exports of natural rubber products in Vietnam.
April 2016	STA increases its investment in Thai Tech Rubber from 33.5% to 42.5% via share purchase from Itochu Corporation to solidify its position as a leading company in the natural rubber industry.

May 2016	STA issues two tranches of debentures totaling Baht 2,265,000,000 to institutional investors.
September 2016	Pattana Agro Futures reduces its registered capital from Baht 100.0 million to Baht 25.0 million due to excess liquidity after having had to stop operating as a commodity futures broker in the Agricultural Futures Exchange of Thailand (AFET) as a result of the AFET having been merged into the Thailand Futures Exchange (TFEX).
October 2016	Startex Rubber increases its registered capital from Baht 50.0 million to Baht 2,635.0 million by issuing ordinary shares totaling Baht 2,585 million with a plan to use the proceeds to invest in the other subsidiaries of Sri Trang Group.
March 2017	STA and Semperit Technische Produkte complete the demerger of the joint venture and associate companies, with the exception of Semperflex Asia, which will continue to operate as a joint venture company until Semperit Technische Produkte exercises the call option to buy the shares from STA and other shareholders between 2019 and 2021.
March 2017	Siam Sempermed Corporation Limited is renamed Sri Trang Gloves (Thailand) Co., Ltd.

1.2.2 The Demerger between STA and Semperit

Summary

On 15 March 2017, STA and Semperit Technische Produkte Gesellschaft m.b.H (“**Semperit**”) complete the demerger of the joint venture and associate companies. The demerger results in STA increasing its shares in Siam Sempermed Corporation (which is later renamed Sri Trang Gloves (Thailand) Co., Ltd (“STGT”) on 16 March 2017) from 40.2% to 90.2% of the total shares. The demerger also results in Semperit increasing its shares in the following associate companies to 100% of the total shares:

1. Sempermed USA, Inc.;
2. Sempermed Singapore Pte. Ltd. (“SESI”) (including the shares held by SESI in Formtech Engineering (M) SDN BHD and Sempemed Brasil Comercio);
3. Semperflex Shanghai Ltd.;
4. Shanghai Sempermed Glove Sales Co., Ltd.; and
5. Shanghai Semperit Rubber & Plastics Products Co., Ltd.

Semperflex Asia Corporation Ltd. (“SAC”) will continue to operate as a joint venture company with Semperit being granted the right to acquire STA’s 42.5% of the shares (together with the remaining shares held by the other shareholders) in SAC between 2019 and 2021 for USD 60 million.

Sources of Funds

STA has secured a long-term loan facility in the amount of Baht 4.5 billion from a financial institution, which will later be pushed down to STGT.

Results and Benefits of the Demerger

1. The demerger results in STA having full control over the management and operations of STGT, leading to increased efficiency in all areas of operations, including raw material procurement, production, marketing, product distribution, production efficiency enhancement and production capacity expansion. Becoming a majority shareholder in a producer of examination gloves, which use as the raw material concentrated latex, one's of the core products of STA, also increases STA's competitiveness and strengthens its position as a fully integrated natural rubber company.
2. The demerge results in the change in accounting recognition of SSC from profit sharing under the equity method as a joint venture company to the consolidation method, providing a more steady stream of revenue to STA.
3. The demerger results in any and all disputes, lawsuits, arbitrations and legal proceedings between STA and Semperit in any court and arbitration being withdrawn. The joint venture agreements and any related surviving obligations have also been terminated with effect from the closing date, releasing all parties thereto from any and all obligations therein. Consequently, STA and STGT will no longer be subject to various prohibitions and other obligations owed to Semperit.

1.2.3 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 2016 (%)	Paid-up Capital as of 31 December 2016
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	42.50 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 42.50% and the remaining shares are held by Southland Rubber Co.,Ltd. (which is not a person who may have conflicts of interest) 42.50%, Itochu Corporation Limited (which is not a person who may have conflicts of interest) 14.99%, 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 2016 (%)	Paid-up Capital as of 31 December 2016
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 1,000,000
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

Note*: Please consider details of the demerger between STA and Semperit under item 1.2.2

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 Sinchareonkul (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 Sinchareonkul (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 2016 (%)	Paid-up Capital as of 31 December 2016
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 ¹¹	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 ¹²	Brazilian Real 12,546,638
Shi Dong Shanghai	PRC	Distribution of Natural Rubber Products in PRC	100.00 ¹³	USD 5,000,000
Sri Trang Indochina	Vietnam	Distribution of Natural Rubber Products from Vietnam to customers	100.00 ¹⁴	USD 1,000,000

Note*: Please consider details of the demerger between STA and Semperit under item 1.2.2

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

¹¹ Held by Startex Rubber

¹² Held by Sempermed Singapore approximately 99.9% and Semperit Industrial Products Singapore Private Limited holds 1 share.

¹³ Held by STA. Shi Dong Shanghai is licensed to operate for a term of 30 years from 2 August 2010.

¹⁴ Held by Sri Trang International which wholly owned by Startex Rubber.

(4) Other businesses

Company	Country	Type of Businesses	Direct Shareholding as of 31 December 2016 (%)	Paid-up Capital as of 31 December 2016
Anvar Parawood	Thai	Lumber production and manufacture of wooden furniture	99.94 ¹⁵	Baht 10,000,000
Startex Rubber	Thai	Ownership and management of rubber and oil palm plantations	99.99 ¹⁶	Baht 2,065,000,000
Premier System Engineering	Thai	Engineering services, design, installation and maintenance machinery	81.99 ¹⁷	Baht 50,000,000
Starlight Express Transport	Thai	Provision of logistics services	76.66 ¹⁸	Baht 15,000,000
Pattana Agro Futures	Thai	Brokerage activities	40.00 ¹⁹	Baht 25,000,000
Sri Trang Rubber & Plantation	Thai	Ownership and management of rubber plantations	99.99	Baht 5,905,000,000
Shi Dong Investments	Singapore	Investment holding in PT Star Rubber	100.00 ²⁰	USD 48,000,000
Sempermed Singapore*	Singapore	Investment holding in Sempermed Brasil	50.00 ²¹	USD 8,000,000
Formtech Engineering (M) Sdn. Bhd.*	Malaysia	Production and distribution mold for glove production line	82.86 ²²	MYR 7,000,000

Note*: Please consider details of the demerger between STA and Semperit under item 1.2.2

¹⁵ 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), Pruksa Mansion Ltd (1 Share), and Mr. Udom Pruksanusak (1 Share).

¹⁶ Held by STA 99.99% and the remaining shares are held by Mr. Somporn Punnarai (1 share) and Mrs. Promsuk Sincharoenkul (1 share).

¹⁷ 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).

¹⁸ 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%, Phruksa Mansion Ltd (1 share), and Mr. Boonyachon Sincharoenkul (1 share).

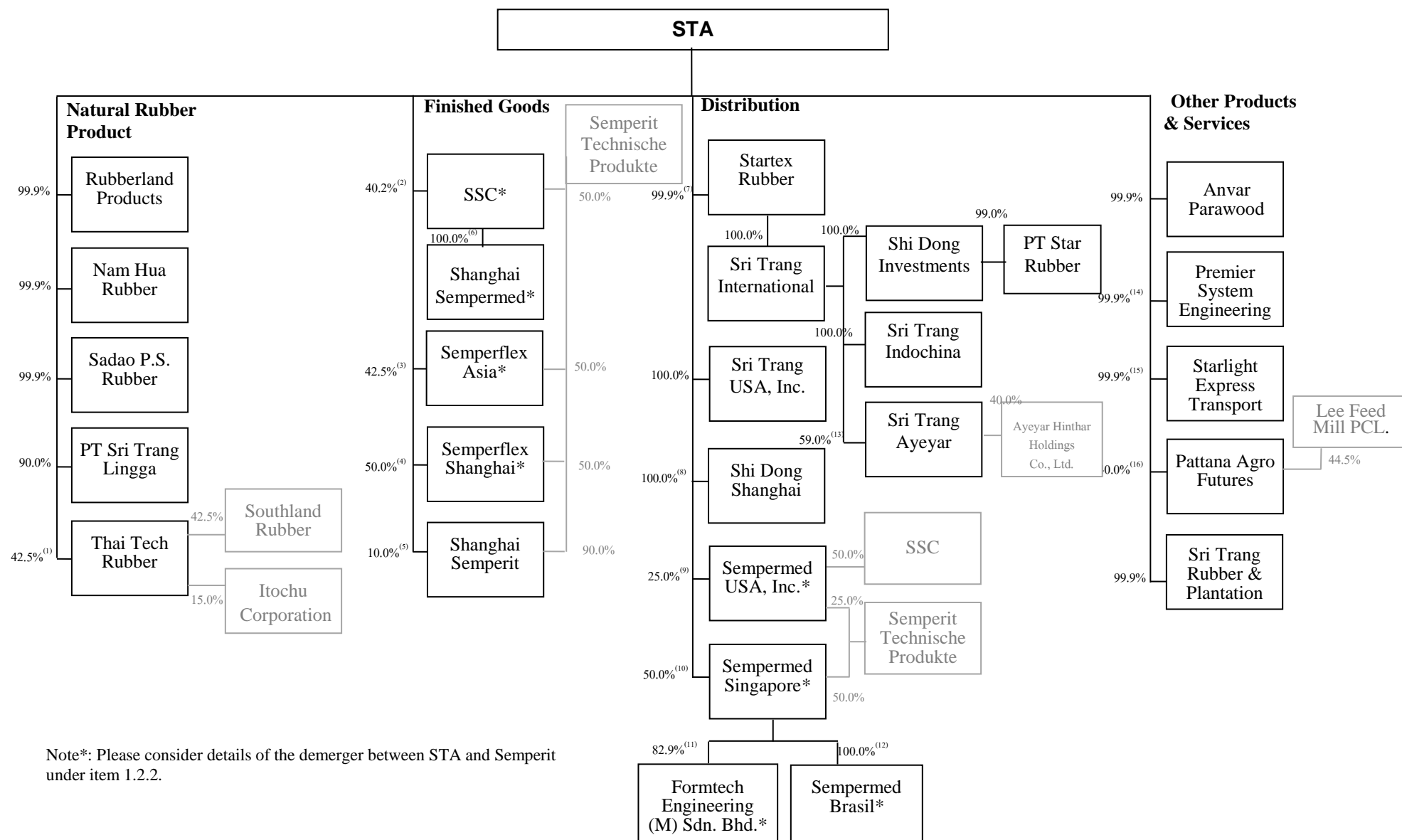
¹⁹ Held by STA 40.00% and the remaining shares are held by Lee Feed Mill Public Company Limited (which is not a person who may have conflicts of interest) 44.50%, Mr. Preecha Leelasithorn 8.75%, Wallstreet Tower Company Limited (which is not person who may have conflicts of interest) 6.25%, and Mr. Nipon Leelasithorn 0.5%.

²⁰ Held by Sri Trang International which wholly owned by Startex Rubber.

²¹ Held by STA 50.00% and the remaining shares are held by Semperit Technische 50.00%

²² Held by Sempermed Singapore 82.86%, Dietmar Trumm 11.43% and Valluvan A. Peramuthu 5.71%

1.3 Group Structure of the Company as of 31 December 2016



Note:

- (1) Our Company directly owns 42.5% of the total number of issued shares in Thai Tech Rubber. Southland Rubber Co., Ltd. and Itochu Corporation Limited own 42.5% and 15.0% 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. Chaayos Sincharoenkul (1 share).
- (2) 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 by five individuals including Ms. Poonsuk Cherdkiatgumchai (3.7%), Mr. Veerasith Sinchareonkul (2 shares), Mr. Somwang Sincharoenkul (2 shares), Mr. Viyavood Sincharoenkul (2 shares), and Mr. Kitichai Sincharoenkul (2 shares)
- (3) 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. Chaayos Sincharoenkul (2 shares), Mr. Anan Pruksanusak (2 shares) and Mr. Prasit Panidkul (2 shares), hold the remaining interest in Semperfex Asia.
- (4) 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.
- (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.
- (7) Our Company is interested in an aggregate of approximately 99.9% of the total voting rights in Startex Rubber. The remaining shares are held by Mr. Somporn Punnarai (1 share) and Ms. Promsuk Sinchareonkul (1 share).
- (8) 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.
- (9) 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.
- (10) Our Company and Semperit Technische directly own 50.0% each of the total number of issued shares in Sempermed Singapore.
- (11) Formtech Engineering (M) Sdn. Bhd is owned by Sempermed Singapore directly 82.9%, Dietmar Trumm 11.4%, and Valluvan A. Peramuthu 5.7%

- (12) 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 Brazil.
- (13) 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%.
- (14) 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).
- (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%). Pattana Agro Futures reduces its registered capital from Baht 100.0 million to Baht 25.0 million due to excess liquidity after having had to stop operating as a commodity futures broker in the Agricultural Futures Exchange of Thailand (AFET) as a result of the AFET having been merged into the Thailand Futures Exchange (TFEX).

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					
		2014		2015		2016	
		Baht million	(%)	Baht million	(%)	Baht million	(%)
Revenue from TSR products		57,512.4	76.0	44,482.7	72.3	56,133.4	72.5
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						
Sri Trang Ayeyar	59.0						
Revenue from RSS products		9,818.5	13.0	5,462.4	8.9	7,305.3	9.4
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		5,631.5	7.4	4,774.2	7.8	6,088.0	7.9
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*		2,567.5	3.4	6,572.5	10.7	7,738.8	10.0

Type of Business / Operated by	% Sharehold- ing by STA	Year ended 31 December					
		2014		2015		2016	
		Baht million	(%)	Baht million	(%)	Baht million	(%)
STA	-						
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		133.9	0.2	186.3	0.3	197.5	0.2
Total revenue		75,663.8	100.0	61,478.1	100.0	77,463.0	100.0
Share of profit of investments in associates and joint ventures		535.1		648.8		402.8	

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, and (iii) 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 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 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 12%¹ and provide Natural Rubber Products that serve all types of demand including tires and gloves industries which are TSR, RSS, and Concentrated Latex to customers in Thailand and various countries in Asia such as, the PRC, Singapore, Japan, India, Korea, Malaysia, and Vietnam, 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 Business²

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 through our subsidiary, Sri Trang Rubber & Plantation. As of December 2016, we have approximately 8,000 hectares (50,000 rai) in many provinces of Thailand suitable for rubber plantation, some area of which started to yield from December 2015 onwards. In coming years, more than half of the rubber trees will become economically productive.

Having our own plantation will helps us identify areas where we can potentially set up a new production facility. In the past we decided to set up new processing facilities in 4 provinces, namely Phitsanulok, Kalasin, Sakaeo, and Sakon Nakhorn following the development of our own rubber plantations in those areas. Moreover, this 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 involves in the production and distribution of processed dried rubber wood and other types of woods which are assembled into pallets for use within Sri Trang Group.

2.1.3.3 Production and sale of finished products business²

We manufacture and distribute finished products through investments in our associates that STA and Semperit Technische Produkte have jointly established namely Semperflex Shanghai, and Shanghai Semperit. We have participated in the production and sale of high-pressure hydraulic hoses for

¹ Based on our sales volume of Natural Rubber Products of approximately 1,494,094 tons for the financial year ended 31 December 2016 and the total global demand for natural rubber products of approximately 12,505,000 tons in 2016. (Source : International Rubber Study Group (IRSG), The World Rubber Industry Outlook, Review and Prospects to 2025, December 2016)

² Please consider information of the demerger between STA and Semperit under item 1.2.2 in Part 1 Page 4.

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.

2.1.3.4 Future broker

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

Currently, Pattana Agro Futures nevertheless stopped business operating and decrease capital from Baht 100.0 million to Baht 25.0 million Baht as a result of the Repeal Act of the Agricultural Futures Trading Act B.E. 2542, B.E. 2558 published in the Royal Thai Government Gazette in November 2015, indicating that 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

As an industry leader with the largest production capacity, STA is forging ahead with expansion plans in the northeast of Thailand, where rubber supply is plentiful with a high potential growth. The downturn in the NR market of the past six years did not derail our plan to increase production capacity by building new processing facilities and increasing the capacity of our current facilities, resulting in a threefold increase in our production capacity over the past 10 years. This helped us to achieve a compound annual growth rate (CAGR) of sales volume of 9%, outstripping the CAGR of global NR consumption of 2% and enabling us to increase our market share from 7% to 12% of global NR consumption.

Going forward, we will continue with the yearly expansion of our production capacity by setting up processing facilities with cutting-edge technology in new strategic locations, for example, in the north of Thailand. With our strong sales, R&D, quality control and CSR teams who are committed to working collaboratively to ensure customers' satisfaction, we are confident that we will be able to achieve a new record in sales volume every year from now on, which will enable us to ultimately attain "STA 20," that is, to capture a market share of 20% of global NR consumption.

In addition to rubber processing, we will also focus on our rubber plantations, the majority of which are located in the north of Thailand, an area to which we can potentially expand our production base. We will also pursue growth opportunities for our glove manufacturing business. All of this will help to reinforce our position as the world's largest fully integrated natural rubber company.

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 summarises 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	
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 2023	Not Applicable
STA (Chantaburi - TSR)	2225(2)/2556	Project pending	
STA (Kalasin - TSR)	2226(2)/2556	29 August 2023	28 August 2028

Company	Certificated no.	Expiry for Full Exemption from Tax	Expiry for 50% Reduction in Tax
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 rubber)	58-2279-0-02-2-0	3 June 2024	2 June 2029
STA (Loei - TSR and/or mixture rubber)	58-2600-0-00-1-0	17 September 2024	Not Applicable
STA (Sakonnakorn - TSR and/or mixture rubber)	59-0385-0-00-1-0	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 2016, 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 caused to business interruption for an aggregate of approximately Baht 60,247 million.

We 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 2014		Year 2015		Year 2016	
	Tons	%	Tons	%	Tons	%
Asia Region	872,454.1	72.4	835,165.7	74.6	1,128,581	75.5
- China	574,931.7	47.7	489,837.2	43.7	730,898	48.9
- India	28,496.8	2.4	36,886.2	3.3	48,004	3.2
- Japan	42,443.1	3.5	43,392.5	3.9	49,546	3.3
- Korea	49,461.1	4.1	54,307.5	4.9	47,873	3.2
- Malaysia	14,286.8	1.2	24,054.7	2.1	18,259	1.2
- Singapore	112,844.4	9.4	141,738.7	12.7	182,348	12.2
- Other Asian countries	49,990.2	4.1	44,948.9	4.0	51,653	3.5
America Region	75,534.1	6.3	65,659.9	5.8	73,794	5.0
Europe Region	52,350.5	4.3	38,797.6	3.5	54,246	3.6
Other Regions	879.0	0.1	826.1	0.1	3,506	0.2
International	1,001,217.7	83.1	940,449.3	84.0	1,260,127	84.3
Domestics	203,125.0	16.9	179,517.0	16.0	233,967	15.7
Total	1,204,342.7	100.0	1,119,966.3	100.0	1,494,094	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 Gloves³***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

In 2016, the Natural Rubber (NR) industry underwent a period of market volatility and had to contend with various external uncertainties, including the subdued growth of the global economy, the appreciation of the US dollar and unfavorable weather conditions. However, consistently healthy NR demand and curtailed NR supply helped to buoy up NR prices, which reached their lowest level in a decade at the beginning of the year. 2016 was therefore the first year since 2011 that NR prices did not register a yearly decline.

Demand and Supply of Natural Rubber in 2016

According to the World Rubber Industry Outlook, Review and Prospects to 2025, published by the International Rubber Study Group (IRSG) in December 2016, the global demand for natural rubber (NR) in 2016 was 12,505,000 tons, up 3.0% YoY, in line with the growth of the tire industry, which accounts for approximately 70% of total NR demand. Meanwhile, the global NR supply increased by 1.4% to 12,449,000 tons in 2016. This sluggish supply growth was the result of unfavorable weather conditions and a prolonged period of low NR prices. The supply growth was mainly contributed by the CAMAL* countries, Thailand and Vietnam.

Natural Rubber Demand and Supply Trend in 2017

IRSG projects global NR demand in 2017 to be 12,872,000 tons, increasing 2.9% YoY. The growth will mainly be driven by China, the world's largest consumer of natural rubber. As for NR supply, IRSG forecasts that NR production will grow at the rate of 3.8%, reaching 12,917,000 tons in 2017. The largest sources of additional supply volumes will be China, Indonesia and the CAMAL* countries, while supply from Thailand, the world's largest NR producing country, will be curtailed by unfavorable weather conditions.

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

Balance of Natural Rubber Demand and Supply

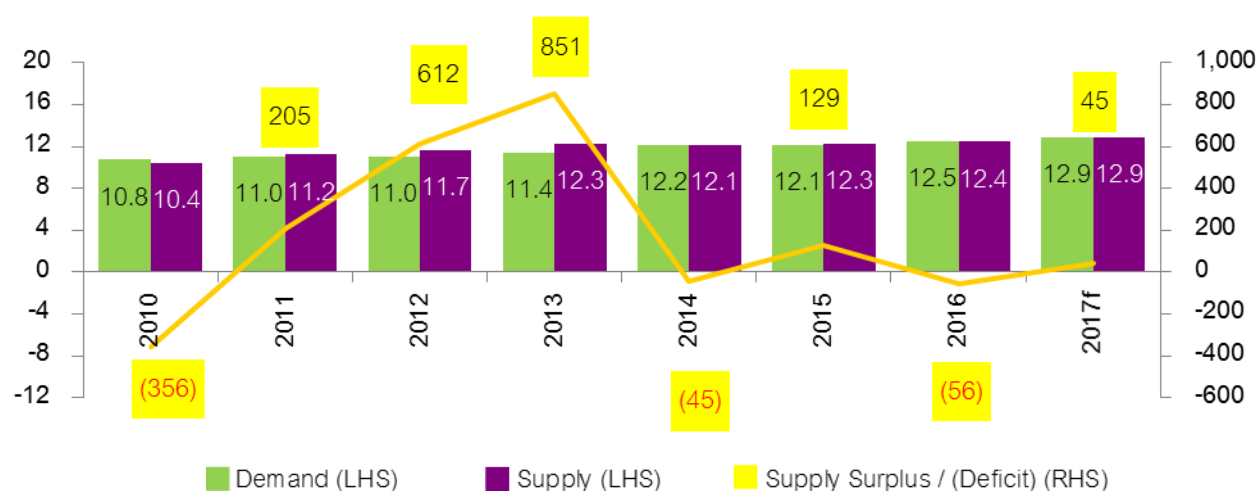
From 2017 onwards, NR supply from new rubber trees is expected to grow at a slower rate as there have been much fewer planting activities since 2011, when prices started to drop to lower levels. Moreover, the prolonged period of low NR prices has induced rubber farmers to switch to other more profitable crops, delay planting/re-planting activities and reduce the tapping frequency. The extended period of low prices has also dampened farmer interest in the rubber industry. Meanwhile, NR demand continues to be healthy, supported by the solid growth of the tire industry, which represents approximately 70% of NR consumption. The IRSG therefore anticipates that NR supply surplus in 2017 will hover around 45,000 tons, which is close to the equilibrium point.

³ Please consider information of the demerger between STA and Semperit under item 1.2.2 in Part 1 Page 4.

Diagram exhibits Demand and Supply of Natural Rubber during 2010 – 2017

(Unit : million tons)

(Unit : '000 tons)



2.2.3 Competition

“It has been over half a decade that the natural rubber industry has had to contend with numerous challenges, including the slowdown of the global economy, the slowing economic growth in China, fluctuations of the USD and the volatility of commodity prices. Many of our competitors were unable to withstand this inhospitable industry climate and had to cease operation. Throughout the time, we have been able to retain our competitive edge because of the quality of our products, the size of our production scale, excellent customer service, the geographical diversification of our operations, our experienced management and effective strategies for risk management”.

With a market share of 12%⁴ of global NR consumption in 2016, we are widely regarded as the world’s largest fully integrated natural rubber processing company. Our operations are based in the top three NR producing and exporting countries, namely Thailand, Indonesia and Vietnam. Our main competitors are Von Bundit Company Limited, Southland Group, and Thai Hua Rubber Public Company Limited, which are based in Thailand, and the Kirana Group, Halcyon Agri Corporation (Sinochem Group), and China Hainan Rubber Industry Group, which are based in other countries.

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

As a midstream player in the NR industry, it is crucial that we are able to effectively coordinate with our upstream and downstream counterparts. We have, therefore, strategically set up production bases in Thailand and Indonesia, the world’s two largest NR producing countries, collectively contributing more than 60% of global NR production, as well as in Myanmar, where there is strong potential for growth in NR production. Crucially, we have established an extensive network of raw material procurement that covers various strategic areas. For sales and distribution, we have established subsidiaries in China, Singapore, the US and Vietnam to carry out sales and marketing activities. With the quality of our products, we can count among our customers all of the world’s leading tire manufacturers.

Having our sales and distribution centers based in various strategic locations has enabled us to provide superior services to our customers as we are able to respond to customers from all over the world in a timely manner. Our ultimate goal is to achieve zero customer complaints.

⁴ Based on our sales volume of Natural Rubber Products of approximately 1,494,094 tons for the financial year ended 31 December 2016 and the total global demand for natural rubber products of approximately 12,505,000 tons in 2016. (Source : International Rubber Study Group (IRSG), The World Rubber Industry Outlook, Review and Prospects to 2025, December 2016)

Another key factor that has given us a competitive advantage over our competitors is that our management comprises industry veterans with nearly 3 decades of experience. In order for a company to be able to successfully navigate this challenging industry landscape, it must be able to devise effective business strategies and successfully execute them. Management must also possess thorough understandings of all external factors, which include world macro-economic conditions, demand-supply situations, currency movements, oil price trend, government policy, etc., that can potentially have an impact on the company's operations in order to come up with effective risk management strategies. We believe that our management is possessed of all the knowledge and qualifications that are required to lead our operations to increased competitiveness and profitability and to reinforce our position as a dominant natural rubber player.

2.2.4 The Company's Key Strengths

1. The world's largest natural rubber processing company

With an engineering capacity of 2.4 million tons per year (as of December 2016), we can produce a complete range of natural rubber products that satisfy the demands of all types of customers from all over the world, enabling us to capture a market share of 12% of global natural rubber consumption. We are also able to achieve economies of scale and afforded bargaining power with both suppliers and customers thanks to our large production capacity.

2. Fully integrated supply chain business model

Having operations in every sector of the natural rubber industry, from rubber cultivation and rubber processing to the manufacture of finished products, provides us with synergy and insights that enable us to effectively manage our operations and readily respond to changes in market conditions, resulting in competitive edge.

3. Extensive network of sales and distribution

We have an extensive network of sales and distribution that provides us with direct access to customers from all over the world and allows us to gauge demand flow and market sentiment.

4. Production bases in strategic locations

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

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

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

6. Commitment to sustainability and community engagement

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

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

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

8. Highly experienced management

With nearly 3 decades of industry experience, our management is well versed in the minutiae of the natural rubber industry and is able to skillfully navigate any challenges facing our operations and steer the business to success.

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 2016, we have a total of 35 processing facilities, 31 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 2.4 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⁾ (tons)			Engineering Specified Capacity ⁽²⁾ (tons)			Effective Utilisation Rate ⁽³⁾ (%)		
	As at 31 December			As at 31 December			For the Year Ended 31 December		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
RSS	217,661	217,661	217,661	217,661	217,661	217,661	54.2	47.1	52.6
TSR	929,275	1,103,323	1,406,731	1,195,740	1,414,740	1,791,420	80.3	75.2	77.3
Concentrated Latex	203,008	203,008	203,008	302,220	302,220	362,664	57.4	62.6	78.7
Total	1,349,944	1,523,992	1,827,400	1,715,621	1,934,621	2,371,745	72.6	69.2	74.5

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%, 11% and 16% of raw materials purchased in the financial year ended 31 December 2016, 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 82 : 18.

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 2016, we sourced raw materials from cooperatives, farmer unions and rubber center markets of more than 87 parties in total which calculated to be 4.0% of total raw material volumes. We also sourced from more than 5,514 dealers which calculated to be 96% of total raw material volumes without any supplier of raw materials or natural rubber products who accounts for 1.34% 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 2.5% of our raw material purchases for the financial year ended 31 December 2016.

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

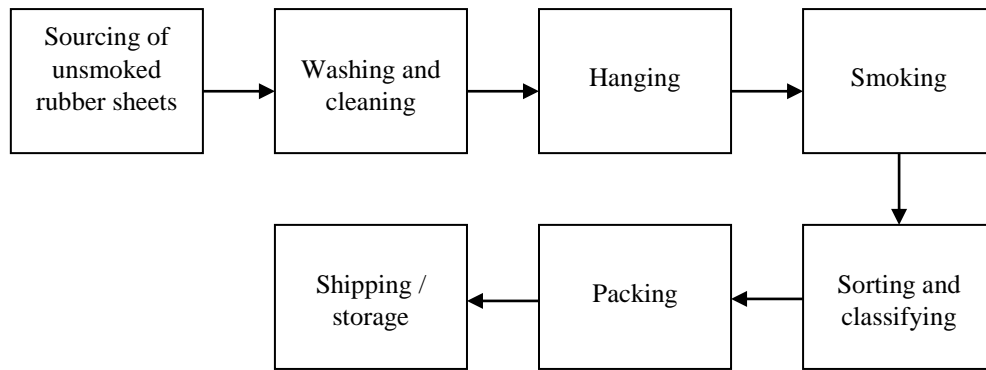
We produce three main types of Natural Rubber Products:

(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.

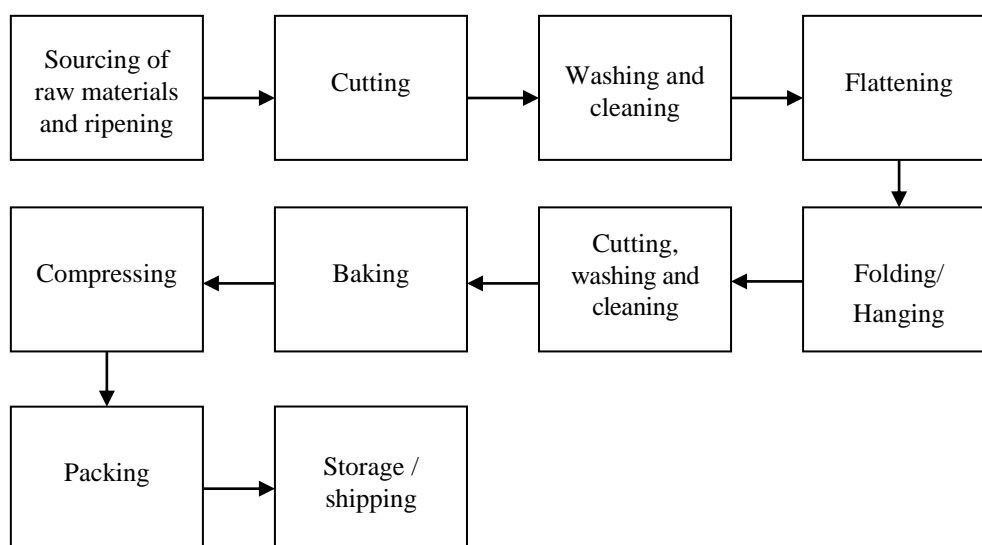
At the factory, the unsmoked rubber sheets will be categorized based on moistness. Those unqualified unsmoked rubber sheets will be rejected at this stage. The qualified unsmoked rubber sheets will be washed out all dirt before hanging and transferring into a smoke house where they are smoked for several 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)

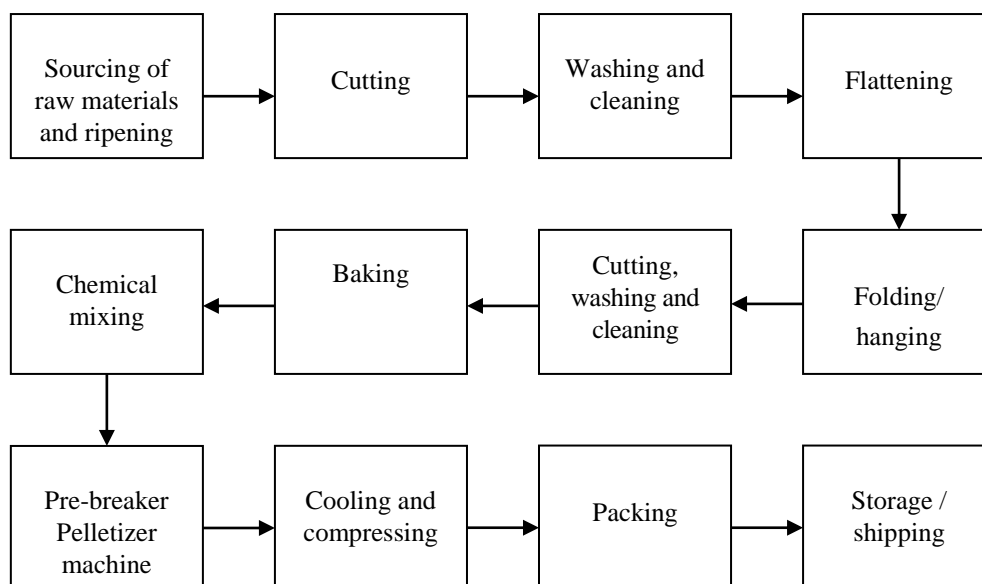
TSR or block rubber is produced from raw materials such as cup lump and unsmoked rubber sheets. Cup lump is produced when field latex is allowed or made to coagulate in the cup in which it is collected. Unlike RSS, the quality of TSR is determined through TSR testing standard in laboratory. We produce 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 “mixture 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.

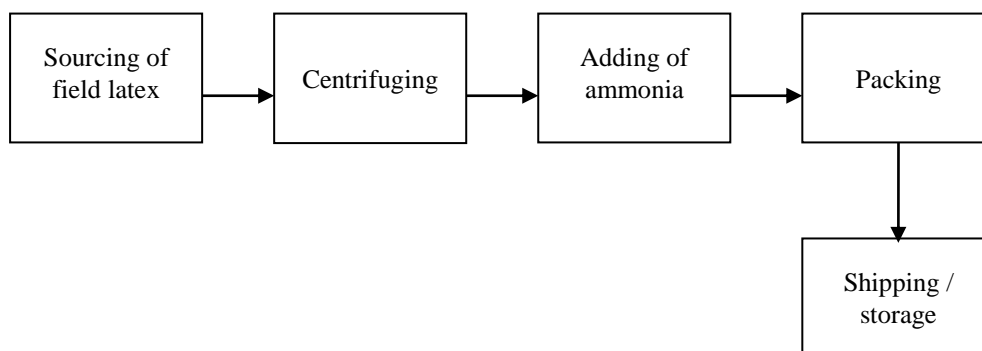
“Mixture rubber” process

In the “mixture 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 2016, 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

For the operation of	Name of certification/ award	Awarding body/ authority	Validity period of certificate/award	Process/Natural Rubber Product awarded
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 mixture rubber
	ISO14001:2004	TÜV Rheinland Cert GmbH	6 October 2015 to 14 September 2018	Manufacture of TSR and mixture rubber
STA (Sikao)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of TSR and mixture rubber
	ISO14001:2004	TÜV Rheinland Cert GmbH	6 October 2015 to 14 September 2018	Manufacture of TSR and mixture rubber
STA (Huay Nang)	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of TSR and mixture rubber
STA (Udon Thani)	ISO9001:2008	TÜV Rheinland Cert GmbH	16 May 2015 to 15 May 2018	Manufacture of TSR and mixture rubber
	ISO14001:2004	TÜV Rheinland Cert GmbH	6 October 2015 to 14 September 2018	Manufacture of TSR and mixture rubber
STA (Ubon Ratchthani)	ISO9001:2008	TÜV Rheinland Cert GmbH	16 May 2015 to 15 May 2018	Manufacture of TSR and mixture rubber
	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2016 to 20 July 2018	Manufacture of Concentrated Latex and skim crepe
	ISO14001:2004	TÜV Rheinland Cert GmbH	7 October 2016 to 14 September 2018	Manufacture of TSR and mixture rubber

For the operation of	Name of certification/ award	Awarding body/ authority	Validity period of certificate/award	Process/Natural Rubber Product awarded
STA (Phitsanulok)	ISO9001:2008	TÜV Rheinland Cert GmbH	16 May 2015 to 15 May 2018	Manufacture of TSR and mixture rubber
STA (Sakaeo)	ISO9001:2008	TÜV Rheinland Cert GmbH	19 May 2016 to 15 May 2018	Manufacture of TSR and mixture rubber
STA Group	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2015 to 20 July 2018	Manufacture of RSS, Concentrated Latex, mixture 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 mixture rubber
	ISO 14001:2004	TÜV Rheinland Cert GmbH	6 October 2015 to 14 September 2018	Manufacture of TSR and mixture 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 mixture rubber
Rubberland Product (Mukdahan)	ISO9001:2008	TÜV Rheinland Cert GmbH	16 May 2015 to 15 May 2018	Manufacture of TSR and mixture rubber
	ISO 14001:2004	TÜV Rheinland Cert GmbH	6 October 2015 to 14 September 2018	Manufacture of TSR and mixture 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 mixture rubber
	ISO9001:2008	TÜV Rheinland Cert GmbH	21 July 2016 to 20 July 2018	ADS 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 2016 to 14 August 2018	Manufacture of TSR
	ISO14001:2004	TÜV Rheinland Cert GmbH	25 February 2014 to 24 February 2017	Manufacture of TSR

For the operation of	Name of certification/ award	Awarding body/ authority	Validity period of certificate/award	Process/Natural Rubber Product awarded
PT Star Rubber (Pontianak Branch)	ISO 9001:2008	LSSM BIPA	14 January 2015 to 13 January 2018	Manufacture of SIR
PT Star Rubber (Jambi Branch)	ISO 9001:2008	LSSM BIPA	20 April 2016 to 14 September 2018	Manufacture of SIR
Premier System Engineering (Hat Yai)	ISO9001:2008	Management System Certification Institute (Thailand)	22 July 2016 to 14 September 2018	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
Starlight Express Transport (Trang)	ISO9001: 2008	Management System Certification Institute (Thailand)	25 June 2016 to 14 September 2018	Services of land transport, import- export, forklift rental and forklift maintenance
Anvar Parawood (Songkhla, Buengkan, and Phitsanulok)	ISO9001: 2008	Management System Certification Institute (Thailand)	27 May 2016 to 14 September 2018	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 TSR 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 Gloves⁵

2.3.2.1 Factories and Production Capacities

As at 31 December 2016, SSC (which was subsequently renamed to Sri Trang Gloves (Thailand) Co., Ltd. on 16 March 2017) has 4 processing plants in Thailand with a total production capacity of approximately 14 billion glove pieces annually. We believe that we are Thailand's largest disposable examination gloves producer and one of the leading producers of latex and nitrile disposable examination gloves globally.

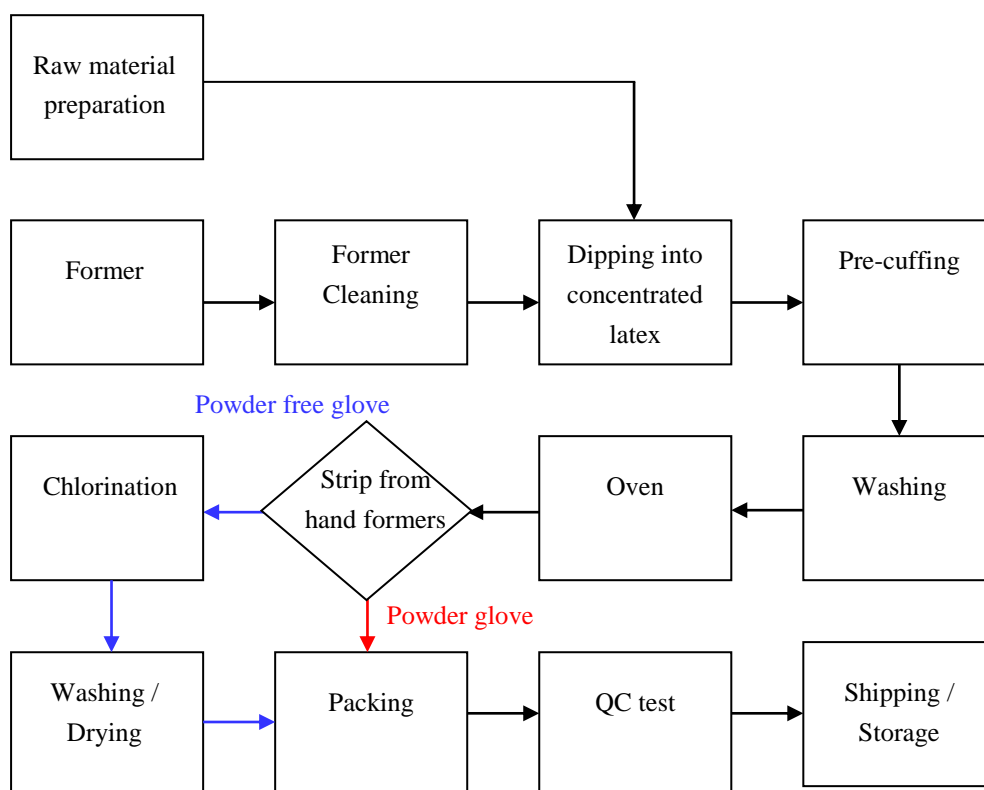
2.3.2.2 Raw materials procurement and management

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

⁵ Please consider information of the demerger between STA and Semperit under item 1.2.2 in Part 1 Page 4.

2.3.2.3 Production of disposable examination gloves

The following is an illustration of our 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.

2.3.3 Environment, Health and Safety

2.3.3.1 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;

- a. to comply with laws, regulations, and legislations of government agencies or related environmental unit;
- b. 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 2016, there are a total of 9 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, 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 places importance on safety of all employees since employees is the key success factor of the Company. As such, the Company always holds activities to promote the safety along with the productivity enhancement. Safety also mitigates losses and reduces cost of production. Moreover, it is also conducive to good health and high morale of employees so that they can effectively meet production policy.

Therefore, the Company strictly adheres to occupational health and safety laws and regulations by appointing safety officers, committee and unit to bring safety awareness in effect at all operational levels. Also, the Company adopts occupational health and safety plan, develops 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 as well as organising 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. Furthermore, the safety plan shall have a formal evaluation and is subject to review and/or revise regularly by managements.

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 of their life and property.

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 to withdraw natural rubber exports of 300,000 tons during October 2012 to March 2013 and 615,000 tons during March – August 2016 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 75% 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.

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 2016, we had cash and cash equivalents of approximately Baht 1,674.6 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.

In addition, the Company has drawdown additional loans in the total amount of THB 4,500 million as a funding for the acquisition of the SSC (which was subsequently renamed to Sri Trang Gloves (Thailand) Co., Ltd. ("STGT") on 16 March 2017) shares. The loans will later be pushed down to STGT after the Company becomes the major shareholder of STGT from the share acquisition from Semperit Technische Produkte. Therefore, in the event that the Company and/or STGT is unable to maintain sufficient cash, generate sufficient revenue from our operations, or obtain or secure sufficient borrowings, the Company and/or STGT may not have sufficient cash flow to fund its operations and the Company's and/or STGT's 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 2016, we have an aggregate of Baht 28,832.3 million bank loans, majority of which are short-term loans, with interest rates ranging from 1.4% to 11.9% 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, January 2012, and January 2016 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 90.0% of our Group's revenue for the financial year ended 31 December 2016. 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 65.8%, 27.3%, 2.9%, 2.4% and 1.7% 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 2016, 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 17,338.9 million or 31.0 % 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 2016 ¹	31 December 2016
Land and land improvement	7,225.2	105.3
Rubber and palm plantations	1,573.4	0
Buildings and structures	4,268.0	151.1
Machinery and equipment	2,561.9	420.6
Vehicles	288.4	0
Fixtures and office equipment	215.8	0
Assets under construction and installation	1,206.2	0
Total net book amount	17,338.9	677.0

Note:

1) As of 31 December 2016, all property, plant and equipment assets are owned by the company except land and land improvements leased by the Company equals to Baht 49.9 million.

2) As of 31 December 2016, certain plots of land, land improvement, buildings and structures, and machinery and equipment of certain subsidiaries with net book value amounting of Baht 677.0 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 2016, the net book value of the intangible assets is Baht 480.8 million or 0.9% of the total assets consists of computer software.

4.3 Long-term Lease

The following table sets forth information relating to the material lease agreements of the properties leased by us and the long-term lease agreements which majority are office space rental:

Location	Gross Area (approximate) (sq m)	Lease Term	Annual Rent	Landlord	Principal Use
<i>STA</i>					
Park Ventures Ecoplex, Lumpini, Pathumwan, Bangkok	1,968.6	1 June 2015 to 31 May 2018	Baht 21,090,967	Golden Ventures Leasehold Real Estate Investment Trust*	Office space
<i>Sri Trang International</i>					
No. 38-02, One Raffles Place, Singapore	474	8 January 2015 to 7 January 2018	SG\$704,076	OUB Centre Limited	Office space
<i>Shi Dong Shanghai</i>					
5F East, Block B of W square, N0.1686 Wuzhong Rd., Minhang District, Shanghai, China	1,330.4	15 September 2016 to 14 September 2019	RMB 3,233,924	Shanghai Jin Qiu Ming Hao Real Estate Co.,Ltd.	Office space
<i>Sri Trang Indochina</i>					
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

Note*: Lertrattakarn Co., Ltd. subleased Park Ventures Ecoplex Building to Golden Ventures Leasehold Real Estate Investment Trust in March 2016.

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

Legal disputes of the Company can be divided into two periods, which are before and after the demerger between the Company and Semperit Technische Produkte Gesellschaft m.b.H. (“**Semperit**”)

5.1 Legal disputes as of 28 February 2017 (the period before the demerger between the Company and Semperit)

On 5 September 2014, Semperit filed two requests for arbitration proceedings in Switzerland to the ICC International Court of Arbitration against the Company, Rubberland Products Co., Ltd. (“**Rubberland Products**”) (a subsidiary) and other Thai shareholders of Siam Sempermed Corp., Ltd. (“**SSC**”) (a joint venture).

In the first case, Semperit alleged that the Company, Rubberland Products and other Thai shareholders of SSC had breached the Joint Venture Agreement and other related agreements. Semperit claimed for damages of approximately Baht 4,172 million plus interest and reserved the right to claim additional damages. In addition, Semperit 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.

The arbitral tribunal rendered a partial award on 24 March 2016, declaring that the arbitral tribunal in Switzerland has the jurisdiction to adjudicate the disputes brought by Semperit in this case and ordering the Company, Rubberland Products and other shareholders of SSC to cause SSC to grant access to certain commercial information of SSC to Semperit. However, the arbitral tribunal in Switzerland has not rendered an award on the issue of whether the Company and Rubberland Products are obligated to pay for damages as claimed by Semperit.

Semperit has filed a motion to request the enforcement of the partial award to the Court of Justice in Thailand. The Company and Rubberland Products are pursuing to oppose the said motion. The legal advisor of the Company is of the view that enforcement of the partial award in Thailand would be contrary to public order and the good morals of the people and would be in violation of the Arbitration Act B.E. 2545.

Apart from this, from the interpretation of the terms of the Joint Venture Agreement and other related agreements, and from strict application of Thai law, as well as the opinion from the legal advisor, the management of the Company believes that the Company and Rubberland Products do not have any obligation to pay damages as claimed by Semperit because they did not breach the Joint Venture Agreement and other related agreements with Semperit. Therefore, the outcome of these disputes should not have any material adverse effect on the business operation or the financial position of the Company and Rubberland Products.

In the second case, Semperit alleged that the Company and Rubberland Products breached the terms of the Joint Venture Agreement. On 6 May 2016, the Company and Rubberland Products came to be aware of the award of the second case from the arbitral tribunal in Switzerland. The Tribunal declared that resolutions of SSC’s board of directors meetings (passed in violation of SSC’s Articles of Association) are deemed enforceable and legally binding. The Company and Rubberland Products are ordered to amend SSC’s Articles of Association to be consistent with the Joint Venture Agreement executed with Semperit as well as to compensate Semperit for the arbitration fees and other costs relating to the case in the total amount of approximately Baht 100 million plus 5 percent interest per annum. Semperit filed a motion to request the enforcement of the award of the arbitral tribunal in Switzerland to the Courts of Justice in Thailand and in Singapore. Such motion for the enforcement of the award is the process by law and is in the early stages. The legal advisor of the Company is of the

view that the arbitral award should not be enforceable against the Company and Rubberland Products in Thailand since, among others, the award deals with matters beyond the Tribunal's jurisdiction, is in breach of rules of natural justice and/or is contradictory to public order and good morals of the people, and its enforcement would violate the Arbitration Act B.E. 2545. Therefore, the management of the Company believe that the verdict of the second dispute should not have material adverse effect on the business operations or to the financial position of the Company and Rubberland Products.

The aforementioned disputes arose because, among others, the parties to the Joint Venture Agreement did not agree on the business plan to maintain and enhance the business competitiveness of SSC. 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. The management of the Company has set aside accrued expenses in the financial statements with respect to defending the disputes for the arbitral proceedings in Switzerland.

In addition to the aforementioned requests for arbitration proceedings against the Company and Rubberland Products as well as other Thai shareholders as the first case and the second case above, Semperit filed another arbitration case against SSC as the third case. Semperit alleged that SSC breached the Joint Venture Agreement and other commercial agreements entered into between SSC and Semperit and claimed for damages. Until now, Semperit has claimed for damages of approximately Baht 2,049 million, plus interest and reserved the right to claim additional damages.

On 2 June 2016, the arbitral tribunal rendered a partial award in the third case, declaring that the arbitral tribunal in Switzerland has the jurisdiction to adjudicate the disputes brought by Semperit in this case and ordering SSC to grant Semperit access to the factory and its premises, including access to certain trade information of SSC. However, the arbitral tribunal in Switzerland has not rendered an award on the issue of whether SSC is obligated to pay damages as claimed by Semperit.

Semperit has filed a motion to request the enforcement of the partial award to a Court of Justice in Thailand. SSC is in the process of opposing such motion to request the enforcement of the partial award. The legal advisor of the Company is of the view that enforcement of the partial award in Thailand would be contrary to public order and the good morals of the people and would be in violation of the Arbitration Act B.E. 2545.

Apart from this, from the interpretation of the terms of the Joint Venture Agreement and other related agreements, and from strict application of Thai law, as well as the opinion from the legal advisor, the management of the Company believes that SSC has reasonable grounds to argue that SSC is not obligated to pay damages as Semperit claimed. Therefore, the outcome of the dispute should not have any material adverse effect on the business operation or the financial position of the Company.

In addition, one of the disputed matters referred to arbitration against the Company and SSC above is Semperit's allegation that the Company and SSC had breached the agreement for non-competition in Europe, the area in which Semperit claims to have exclusive rights to distribute rubber gloves manufactured by SSC. Semperit requested that the arbitral tribunal prohibit the Company and SSC from distributing rubber gloves manufactured by SSC in countries in Europe. In this regard, the Cartel Court in the Republic of Austria, the country in which Semperit's headquarters is located, adjudicated that the non-competition agreement violates the competition law applicable in the Republic of Austria and the European Union and issued an order that Semperit will no longer be able to rely on such non-competition agreement. At present, Semperit has lodged an appeal against the decision of the Cartel Court. The case is currently pending before the Austrian Supreme Court.

Early in January 2017, the Company and Rubberland Products were served with a request for new arbitration proceedings in Switzerland. Semperit filed the request to the ICC International Court of Arbitration against the Company, Rubberland Products, and certain parties to the Joint Venture Agreement and other related agreements. Semperit alleged that the Company, Rubberland Products, and other parties had breached the Joint Venture Agreement and other related agreements, and requested the arbitral tribunal to issue an order for the Company, Rubberland Products, and other parties to refrain from undertaking any act constituting a breach of the agreements and initially claimed for damages of approximately Baht 19 million. The management of the Company believes that the Company and Rubberland Products do not have any obligation to pay damages as claimed by Semperit because they did not breach the Joint Venture Agreement and other related agreements with Semperit.

5.2 Legal disputes after the completion of demerger between the Company and Semperit on 15 March 2017

After the completion of demerger between the Company and Semperit on 15 March 2017, any and all disputes, lawsuits, arbitrations, and legal proceedings between the Company and Semperit in any domestic and international court and arbitration have been withdrawn according to the umbrella agreement. The joint venture agreements and any related surviving obligations have also been terminated with effect from the Closing, releasing all parties thereto from any and all obligations therein. Consequently, Sri Trang Group and SSC (which was subsequently renamed to Sri Trang Gloves (Thailand) Co., Ltd. (“STGT”) on 16 March 2017) will no longer be subject to various prohibitions and other obligations owed to Semperit according to the joint venture agreements.

Accordingly, from 15 March 2017 onwards, the Company and its subsidiaries had no pending legal disputes in the amount of more than 5% of shareholders’ equity, or that may have an adverse effect on its assets or those of its subsidiaries, or that may materially affect the business operations of the Group.

6. GENERAL 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 Thailand	: 10 Soi 10, Phetkasem Road, Hatyai, Songkhla, 90110
Telephone	: 66-7434-4663 (Automatic 14 Lines)
Fax	: 66-7434-4677, 66-7423-7423, 0-7423-7832
Type of Business Latex	: Production and export of RSS, TSR and Concentrated
Registration No.	: 0107536001656
Website	: http://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 as of 31 December 2016**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 Latex	: Production and export of RSS, TSR and Concentrated
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* (the name of the company has been changed to Sri Trang Gloves (Thailand) Co., Ltd. since 16 March 2017)

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-

* Please consider the information of the demerger between STA and Semperit Technische Produkte in part 1 page 4 under item 1.2.2

1712 57 Wireless Road, Lumpini Subdistrict,
Pathumwan District, Bangkok, 10330 Thailand

3) 109/2 Kanjanavanit Road, Pahtong Subdistrict,
Hatyai District, Songkhla Province, 90230 Thailand

4) 352 Kanjanavanit Road, Pahtong Subdistrict,
Hatyai District, Songkhla Province, 90230 Thailand

5) 189 Moo 7, Plaiwas Subdistrict, Karnchanadit District,
Surat Thani Province, 84160 Thailand

6) 39/1 Moo 9, Tungkai Subdistrict, Yantakao District,
Trang Province, 92140 Thailand

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%

* Please consider the information of the demerger between STA and Semperit Technische Produkte in part 1 page 4 under item 1.2.2

9. Startex Rubber

Head Office : 36/82 PS Tower 23Fl. Sukhumvit 21 Road (Asoke), Klong
Toe Nua Subdistrict, Watana District, Bangkok, 10110
Thailand
Type of Business : Ownership and management of rubber and oil palm
plantations
Telephone : 662-259-2964-71
Fax : 662-259-2958
Type of Shares : Ordinary shares
Total number of shares directly held by STA : 20,649,998 shares or 99.99%

10. Thai Tech Rubber

Head Office : 2 Juti Utit 3 Road, Hatyai Subdistrict, Hatyai District,
Songkhla Province, 90110 Thailand
Type of Business : Production of 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 : 255,028 shares or 42.50%

11. Pattana Agro Futures

Head Office : Wallstreet Tower, 21 Floor, 33/109 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 : 1,000,000 shares or 40.00%

12. Sri Trang Rubber & Plantation

Head Office : 121 Moo 4 Nhongpakrang Subdistrict, Mueng Chiang Mai
District, Chiang Mai Province, 50000 Thailand
Type of Business : Ownership and management of rubber plantation
Telephone : 66-5310-6198, 66-5310-6199
Fax : 66-5310-6196, 66-5310-6197
Type of Shares : Ordinary shares
Total number of shares directly held by STA : 59,049,993 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 Startex Rubber : 61,000,000 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 : 1-813-606-4314
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 : 1,000,000 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

* Please consider the information of the demerger between STA and Semperit Technische Produkte in part 1 page 4 under item 1.2.2

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%

* Please consider the information of the demerger between STA and Semperit Technische Produkte in part 1 page 4 under item 1.2.2

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

Branch Office : Jl. Lintas Sumatera Km. 52, RT. 005 Desa Sirih Sepapur, Kec. Jujuhan, Kab. Muara Bungo, 37257, Jambi, Indonesia

Type of Business : Production of block rubber

Telephone : 62-561-724-888, 62-561-724-591-2

Fax : 62-561-724593

Type of Shares : Ordinary shares

Total number of shares directly held by Shi Dong Investment Pte. Ltd. : 99.00%

24. Shi Dong Shanghai

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

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

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

* Please consider the information of the demerger between STA and Semperit Technische Produkte in part 1 page 4 under item 1.2.2

Type of Interest : Equity
Total number of shares directly held by Sri Trang International: 59.00%

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, STA No. 1/2556, and STA No. 1/2559

Siam Commercial Public Company Limited
9 Ratchadaphisek 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

6. Legal Advisor

Weerawong, Chinnavat & Peangpanor LTD.
540 Mercury Tower, 22nd floor, Ploenchit Rd., Lumpini, Pathumwan, Bangkok, 10330, Thailand
Telephone : 66-2264-8000
Fax : 66-2657-2222