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August 11th, 2017

Subject: Notification of Undertaking the Connected Transaction
To: Managing Director
The Stock Exchange of Thailand

Refer to the Board of Directors' meeting No. 5/2017 of Inoue Rubber (Thailand) Public Company Limited on August 11th, 2017, 4.00 p.m. at meeting room R8, 5th Floor, Renaissance Bangkok Ratchaprasong Hotel, 518/8, Ploenchit Road, Bangkok, 10330, the meeting resolved to approve undertaking 1 connected transaction; in the total value of 473,700 baht/year (0.01% of Net Tangible Asset: NTA) as of June 30, 2017 as the following details;

Providing the short-term property rental (1-year contract)

The meeting resolved to approve providing the short-term property rental to Inoac (Thailand) Company Limited. Such a transaction is also considered as the connected transaction of the Company, pursuant to the Section 89/12 of the Securities and Exchange Commission Act and the announcement of the Capital Market Supervisory Board Tor.Jor. 21/2551 Re: Rules on Connected Transaction. Its details are shown as following;

Parties Involved: Lessor: Inoue Rubber (Thailand) Public Company Limited
Lessee: Inoac (Thailand) Company Limited

Related Lessor and lessee have a common indirect shareholder as follows;

Relationship: - Inoue Rubber Co., Ltd.

Transaction Details: The short-term property rental and services are as follow;

- 1) Property location: 258 Thanyaburi, Pathumthani
- 2) Rental area: 80 sq.m.
- 3) Rental fee of Land and Building: 225 baht/sq.m./month
- 4) Other service fee*: 21,475 baht/month

(including cleaning fee, security fee, parking fee, welfare, transportation fee and electricity bill)

Remark: *depends on the usage

Pricing Criteria:

- The Short-term property rental fee is not below the fair market value assessed by the independent appraisers, which have been approved by the Securities and Exchange Commission (SEC) as follows;
 - Thai Property Appraisal Lynn Phillips Company Limited: 215 baht/sq.m./month
 - Future Appraisal Company Limited: 220 baht/sq.m./month
- Other service fee is calculated from cost-plus method, which is a normal trading condition offering to general persons.

Rental Period: 1 Year (1st October 2017 – 30th September 2018)

Total Transaction Value: 473,700 baht/year

Payment Method: Monthly payment

Reason for undertaking the transaction: The Company sees the opportunity in creating revenues from the existing space. The Board considers the reasonability of undertaking the transaction. It defines exact rental period, and the benefits that the Company receives are appropriate following the market condition. Thus, the transaction is reasonable and truly aims for the highest benefit of the Company.

However, the Board of Director's meeting, where directors who have interests and/or directors who are connected persons did not attend the meeting and have no right to vote in the meeting, had consciously considered and has approved the connected transaction following the aforesaid reasons, as well as has considered that the transaction will make the highest benefits to the Company. There were no different opinions among the Board of Directors and the Audit Committee.

Notice: When counting all connected transactions which have been come from a same group of connected persons occurring within 6-month period, they have been counted as 11,971,953 or 0.36% of the net tangible assets as at 30 June, 2017, which are under the approval of the Board of Directors.

Please be informed in accordingly.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)
Chairman

(Mr. Hiroshi Harada)
President