



No. STGT.CS 019/2021

14 October 2021

Subject: Notification of the Entering into Connected Transaction

To: President

The Stock Exchange of Thailand / Singapore Exchange

Enclosure: Information Memorandum of Sri Trang Gloves (Thailand) Public Company Limited Re: the Entering into the Connected Transaction

The Board of Directors Meeting of Sri Trang Gloves (Thailand) Public Company Limited (the "Company") No. 8/2021, convened on 14 October 2021, resolved to approve the entering into the Portfolio Management Agreement between Sri Trang Gloves Global Pte. Ltd. ("STGG"), a subsidiary in which the Company holds 100 percent of shares and established in Singapore engaging in financial asset management and financial investment of the group business, as "the Client", and Paragon Capital Management Singapore Pte. Ltd. ("PCMS"), a juristic person established in Singapore and operates the business as the investment advisor and asset management, as "the Investment Advisor", which is the connected person of the Company since the major shareholder of PCMS are Dr. Viyavood Sincharoenkul and his spouse which Dr. Viyavood Sincharoenkul is the director of the Company. Therefore, this transaction is classified as connected transaction under the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 re: Rules on Connected Transactions (including any amendments) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) (including any amendment thereto) (collectively, "Notifications on Connected Transactions"). The value of the transaction is USD 1,500,000 or approximately THB 50.5 million calculated based on the average foreign exchange rate of the Bank of Thailand as of 14 October 2021 ("the Foreign Exchange Rate") or equivalent to 0.13 percent of the net tangible asset value of the Company from the Company's consolidated financial statements for the six months period ending 30 June 2021 which has been reviewed by a certified auditor ("Financial Statements") which is greater than 0.03 percent but less than 3.00 percent of the net tangible asset value.

After combining the transaction value of other transactions with the same connected persons, its related parties, or its close relatives occurring during the past six months under the Notification on Connected Transactions, the total value of transactions is equivalent to 0.17 percent of the net tangible asset value of the Company (based on Financial Statements) which is greater than 0.03 percent but less than 3.00 percent of the net tangible asset value. Therefore, the Company is required to obtain the approval from the Board of the Directors' meeting before the entering into the transaction and to disclose the information relating to the transaction to the Stock Exchange of Thailand as shown in the attachment.

Please be informed accordingly.

Yours faithfully,

(Miss Thanawan Sa-ngiamsak)
Director and Chief Financial Officer

Information Memorandum of Sri Trang Gloves (Thailand) Public Company Limited

Re: The Entering into the Connected Transaction

The Board of Directors' Meeting No. 8/2021 of Sri Trang Gloves (Thailand) Public Company Limited (the "Company") which was held on 14 October 2021 has passed a resolution to enter into the connected transaction, details are as follows:

1. Date, Month, Year when the Transaction Occurred

STGG and PCMS will enter into the Portfolio Management Agreement within 31 October 2021.

2. Related Counterparties and the Relationship

Client: STGG

Investment Advisor: PCMS

Relationship between the Parties

The major shareholders of PCMS are Dr. Viyavood Sincharoenkul and his spouse namely, Dr. Viyavood Sincharoenkul and his related party indirectly hold 8.01 percent of total shares in PCMS and Ms. Susan Sun (spouse) directly holds 30 percent of total shares in PCMS. In this regard, Dr. Viyavood Sincharoenkul is the director and Chairman of the Executive Committee of the Company,

3. General Characteristic of Transaction

STGG, a subsidiary of the Company established in Singapore and engages in financial asset management and financial investment of the group business, will enter into the Portfolio Management Agreement with PCMS, a juristic person established in Singapore and operates the business as the investment advisor and asset management, as well as having an expertise and extensive experience in investment field. STGG agrees to appoint PCMS as the investment advisor to manage the investment portfolio. The significant details stipulated in the agreement can be summarized as follows:

Topics	Details
Characteristic of Agreement	Portfolio Management Agreement
Assets under Management (AUM)	USD 100 million in cash or approximately THB 3,367 million (based on the Foreign Exchange Rate), which is from the cash balance of the Company.
Scope of Asset Management under Portfolio	PCMS will manage the assets under the portfolio to invest in financial securities including but not limited to stocks and shares, debt securities, derivatives, units in any unit trust, bank deposit, but excluding cryptocurrency.
Term of Agreement	2 years from the date of entering into the agreement
Management Fee	0.75 percent per annum of assets under management or equivalent to USD 750,000 per annum, totaling USD 1,500,000 throughout the term of agreement or approximately

	THB 50.5 million (based on the Foreign Exchange Rate), which will be paid on a quarterly basis.
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4. Total value of consideration, criteria to determine the total value of consideration, and payment method

● **Total value of consideration**

The management fee at 0.75 percent per annum of assets under management or equivalent to USD 750,000 per annum, totaling USD 1,500,000 throughout the term of agreement or approximately THB 50.5 million, this is equivalent to 0.13 percent of the net tangible asset value of the Company (based on Financial Statements) which is greater than 0.03 percent but less than 3.00 percent of the net tangible asset value of the Company.

Calculation of the Company's Net Tangible Assets

$$\begin{aligned}
 \text{Transaction Size (\%)} &= \frac{\text{Total value of consideration} \times 100}{\text{Total net tangible assets of the Company}} \\
 &= \frac{50,501,850 \times 100}{37,736,475,694} \\
 &= 0.13
 \end{aligned}$$

After considering the accumulation of other transactions with the same connected persons, its related parties, or its close relatives occurring during the past six months before the date of the aforementioned transaction which is equal to 0.04 percent of the net tangible asset value of the Company. When combining with the connected transaction value as stated above, the total value of transactions is equivalent to 0.17 percent of the net tangible asset value of the Company (based on Financial Statements) which is greater than 0.03 percent but less than 3.00 percent of the net tangible asset value. Therefore, the Company is required to obtain the approval from the Board of the Directors' meeting before the entering into the transaction and to disclose the information relating to the transaction to the Stock Exchange of Thailand.

● **Criteria to determine the total value of consideration and payment method**

The determination of management fee at 0.75 percent per annum of assets under management or equivalent to the transaction value of approximately THB 50.5 million, is under the general commercial condition and the negotiation between the parties which is lower than the market price of this industry based on the comparative market price of the investment advisor in Singapore which generally charge the management fee at the rate of 0.8-2.4 percent per annum. In this regard, the management fee will be paid on a quarterly basis.

5. Characteristics of the Interest of the Connected Person in the Transaction

The major shareholders of PCMS are Dr. Viyavood Sincharoenkul and his spouse which Dr. Viyavood Sincharoenkul is the director and Chairman of the Executive Committee of the Company.

- 1) Dr. Viyavood Sincharoenkul and his related party indirectly hold 8.01 percent of total shares in PCMS

- 2) Ms. Susan Sun, the spouse of Dr. Viyavood Sincharoenkul directly holds 30 percent of total shares in PCMS.

Therefore, this is a transaction between a subsidiary of the listed company and juristic person whose its major shareholder is the director of listed company (including the spouse of director), and it is classified as the connected transaction under assets or services classification following the Notifications on Connected Transactions.

6. Rational and Necessity for entering into transactions

The Company has total cash remaining THB 25,394.98 million (as of 30 June 2021). In order to manage the Company's liquidity while generating the appropriate return, the Board of Directors' Meeting No. 6/2021 on 19 July 2021, resolved to approve the establishment of new subsidiary in Singapore or STGG to engage in financial asset management and financial investment of the group business, and STGG is completely established as notified to the Stock Exchange of Thailand on 25 August 2021. In the regard, Singapore is the major financial investment center in Asia. STGG has filed for the tax incentive under the regulations of Monetary Authority of Singapore ("MAS") for the exemption of corporate income tax from the investment, and the exemption of withholding tax from the dividend which STGG pays to the Company. For the filing of tax incentive as mentioned above, STGG must undertake to meet the conditions as determined by MAS and must have the certified investment professionals who are qualified and in the number following the criteria as required by the relevant authority, which will take time and resources for such action. Therefore, the entering into the Portfolio Management Agreement is to comply with the conditions of such tax incentives on time, it will achieve the objective of asset management for generating the appropriate return to the Company and the highest return to the shareholders accordingly.

PCMS is the investment advisor having an expertise and extensive experience, and the asset management company holding the license issued by the relevant authority in Singapore, and promptly provides the services for the client. In addition, the management fee at 0.75 percent per annum which PCMS has proposed to STGG is quite low in comparison with the general market rate in Singapore at 0.8-2.4 percent per annum and the agreement is under the general commercial condition in comparison with other company carrying on business of the same nature.

7. Related Parties and nature of scope of interest

4 directors who have interest in this transaction are Dr. Viyavood Sincharoenkul, Mr. Kitichai Sincharoenkul, Mr. Veerasith Sinchareonkul and Mr. Vitanath Sincharoenkul that did not attend the meeting and had no right to vote in this agenda.

8. Opinions of the Board of Directors

The Board of Directors (excluding directors with interests) has considered and opined that the entering into this transaction is reasonable and beneficial to the Company's business. The Company could manage the excess liquidity asset in form of cash while generating the appropriate return to the Company under the benefit of tax exemption on the return of such investment. Moreover, the management fee is appropriate and lower than the market price in comparison with the management fee of other company in the same industry in Singapore.

9. Opinions of the Audit Committee and/or the directors of the Company which are different from those of the Board of Directors

The Audit Committee and the directors did not have any opinions that different from the opinions of the Board of Directors.