

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED

The 2018 Annual General Meeting of Shareholders

26 April 2018

member of
SRI TRANG
GROUP



PLANTATIONS



TSR



RSS



LTX



GLOVES



SERVICES




The Voting Card's Example

កិច្ចប្រជុំធម្មតាសម្រាប់ឆ្នាំ២០១៧
 The 2016 Annual General Meeting of Shareholders
 កិច្ចប្រជុំធម្មតាសម្រាប់ឆ្នាំ២០១៧ (ខ្មែរ)
 Sri Trang Agro-Industry Public Company Limited
 ឈ្មោះសម្រាប់សមាជិក: EAST FOURTEEN LIMITED-THE BANK OF NOVA SCOTIA - WHOLESALE MARGIN FINANCE

ម៉ោងប្រជុំ (ម៉ោងខ្មែរ) 17.30 ល្ងាច (ម៉ោងខ្មែរ) ម៉ោងប្រជុំ (ម៉ោង) 17.30 (ម៉ោងខ្មែរ)
 ទីកន្លែងប្រជុំ: វិមានប្រជុំសម្រាប់សមាជិកស្ថិតនៅលើផ្លូវលេខ ១១១ ភូមិស្រែចម្ការ ខណ្ឌស្រែចម្ការ រាជធានីភ្នំពេញ

កាលបរិច្ឆេទ: កាលបរិច្ឆេទនៃការប្រជុំធម្មតាសម្រាប់ឆ្នាំ២០១៧ នឹងមានឡើងនៅថ្ងៃទី ១៧ ខែ កញ្ញា ឆ្នាំ ២០១៧

ទិន្នន័យ 1 C1



243456454654


អនុម័ត (Approve) The total amount of _____ shares

បដិសេធនៃការអនុម័ត (Disapprove) The total amount of _____ shares

បដិសេធការអនុម័ត (Abstain) The total amount of _____ shares

ហត្ថលេខា / Signature _____ ឈ្មោះសម្រាប់សមាជិក / shareholder or proxy

ទិន្នន័យ 2 C1




243456454654

កិច្ចប្រជុំធម្មតាសម្រាប់ឆ្នាំ២០១៧
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ទិន្នន័យ 3 C1



243456454654


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ហត្ថលេខា / Signature _____ ឈ្មោះសម្រាប់សមាជិក / shareholder or proxy

ទិន្នន័យ 3 C1



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The Voting Card's Example

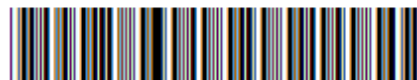
การประชุมสามัญผู้ถือหุ้นประจำปี 2561

The 2018 Annual General Meeting of Shareholders

บริษัท ศรีตรังแอกโรอินดัสทรี จำกัด (มหาชน)
Sri Trang Agro-Industry Public Company Limited

ชื่อผู้ถือหุ้น/Name of Shareholder

วาระที่ 1



243456454654

C1

จำนวนหุ้น (amount) 17,598 หุ้น (shares) จำนวนเสียง (amount) 17,598 เสียง (votes)

ขอใช้สิทธิออกเสียงในวาระที่ 1 พิจารณารับรองรายงานการประชุมสามัญผู้ถือหุ้นครั้งที่ 2/2560 ซึ่งประชุมเมื่อวันที่ 31 สิงหาคม 2560

Agenda 1. To consider and certify the minutes of the Extraordinary General Meeting of Shareholders No.2/2017 held on 31 August 2017



เห็นด้วย (Approve)

The total amount of _____ shares



ไม่เห็นด้วย (Disapprove)

The total amount of _____ shares



งดออกเสียง (Abstain)

The total amount of _____ shares

ลงชื่อ / Signed

ผู้ถือหุ้น หรือ ผู้รับมอบฉันทะ / shareholder or proxy





Voting Procedures except agenda regarding the election of directors

All shareholders / their proxies disapprove or abstain in such agenda.

Mark their votes in the voting cards, sign and raise hand up

Officers collect your voting cards.

Processing.

Inform the result to the Shareholders Meeting.

Sign the approve voting cards, officers will collect when the meeting finish.



Voting Procedures for the agenda regarding the election of directors

All shareholders / their proxies.

Mark their votes in the voting cards and sign.

Officers collect your voting cards.

Processing.

Inform the result to the Shareholders Meeting.



Agenda items

1. To consider and certify the minutes of the Extraordinary General Meeting of Shareholders No.2/2017 held on 31 August 2017
2. To acknowledge the performance results of the Board of Directors of the Company for the year 2017 and to consider and approve the audited financial statements of the Company for the year ended 31 December 2017
3. To consider and approve no distribution of annual dividend for 2017
4. To consider and approve the election of directors to replace the directors who retire by rotation
5. To consider and approve the determination of remuneration of directors for the year 2018



Agenda items

6. To consider and approve the appointment of the auditor and determination of auditing fee for the year 2018
7. To consider and approve the reduction of the Company's registered capital from Baht 1,536,000,000 to Baht 1,535,999,998 by cancelling 2 authorized but unissued shares at a par value of Baht 1 per share and the amendment to Clause 4 of the Memorandum of Association to be in line with the reduction of the registered capital
8. To consider and approve the amendment to Articles 33 and 52 of the Company's Articles of Association
9. Other matters (if any)



Agenda item 1

To consider and certify the minutes of the Extraordinary General Meeting of Shareholders No.2/2017 held on 31 August 2017

A copy of the Minutes of the Extraordinary General Meeting of Shareholders No. 2/2017 is enclosed with Invitation to the 2018 Annual General Meeting of Shareholders and disseminated on the Company's website www.sritranggroup.com



Agenda item 2

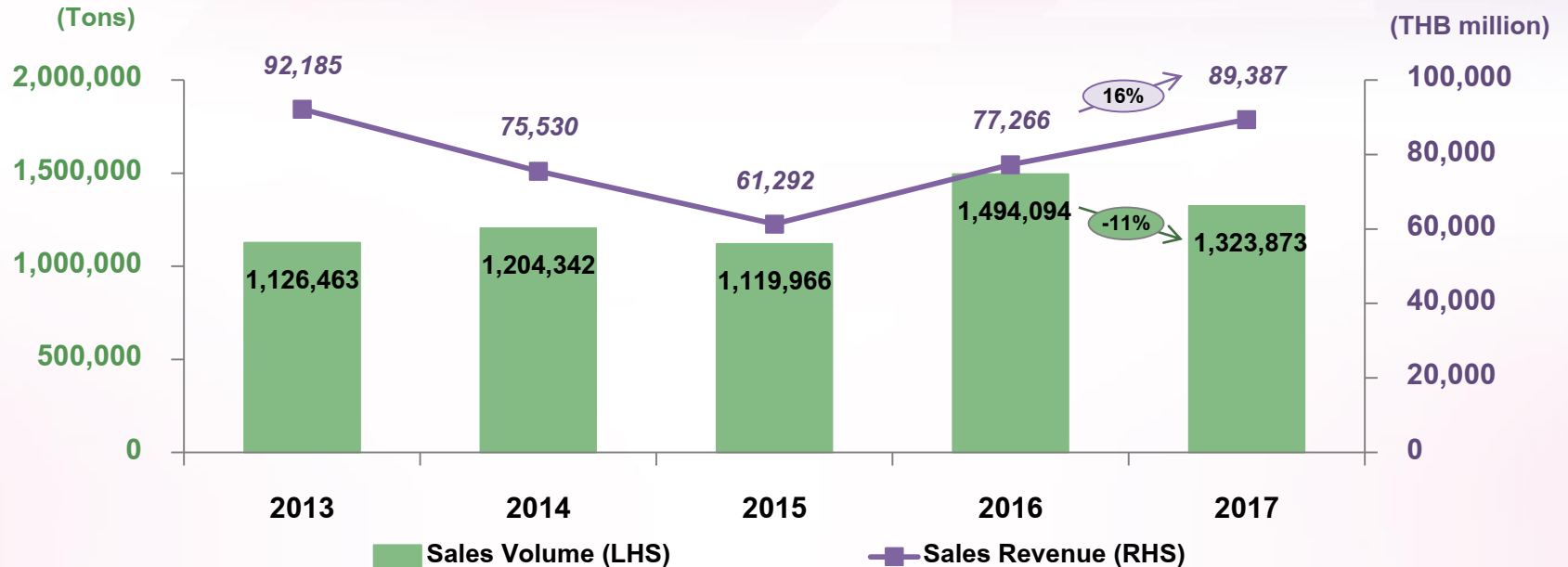
To acknowledge the performance results of the Board of Directors of the Company for the year 2017 and to consider and approve the audited financial statements of the Company for the year ended 31 December 2017

The Company regularly discloses MD&A through the SET system after the release of financial statements.



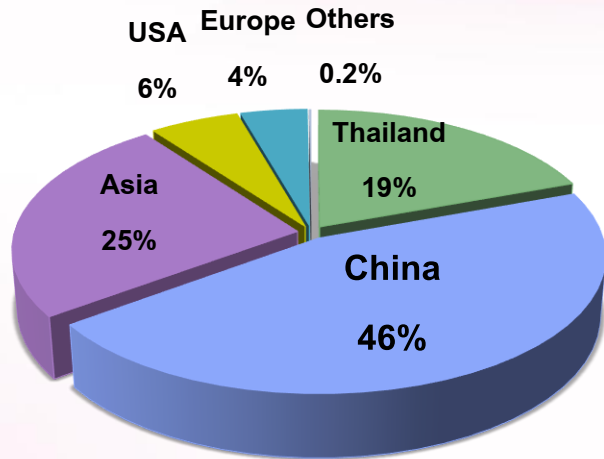
Agenda item 2

Revenue and Sales Volume

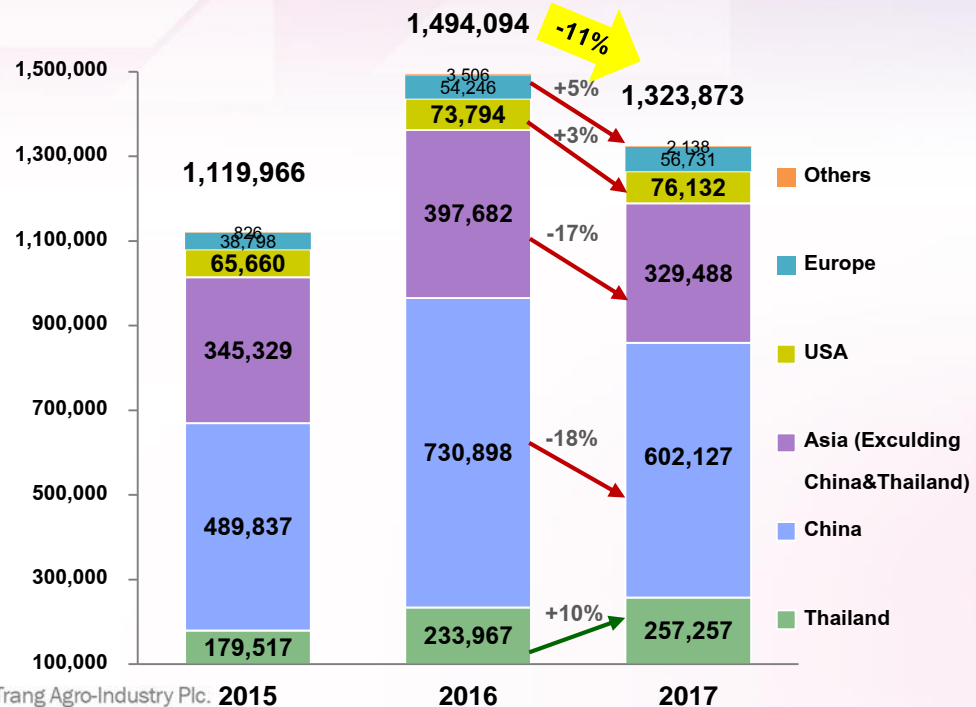


Agenda item 2

2017 NR Sales Volume by Region

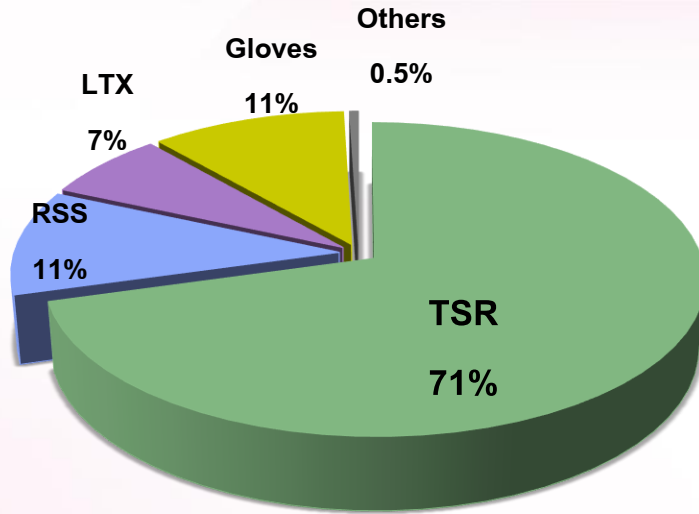


Sales Volume by Region (Tons)

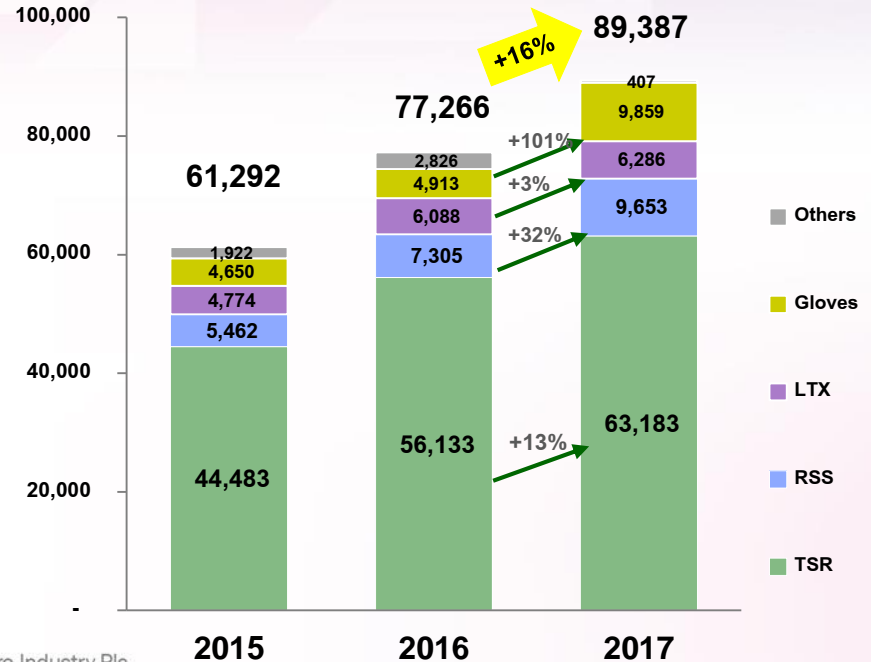


Agenda item 2

2017 Sales Revenue by Product



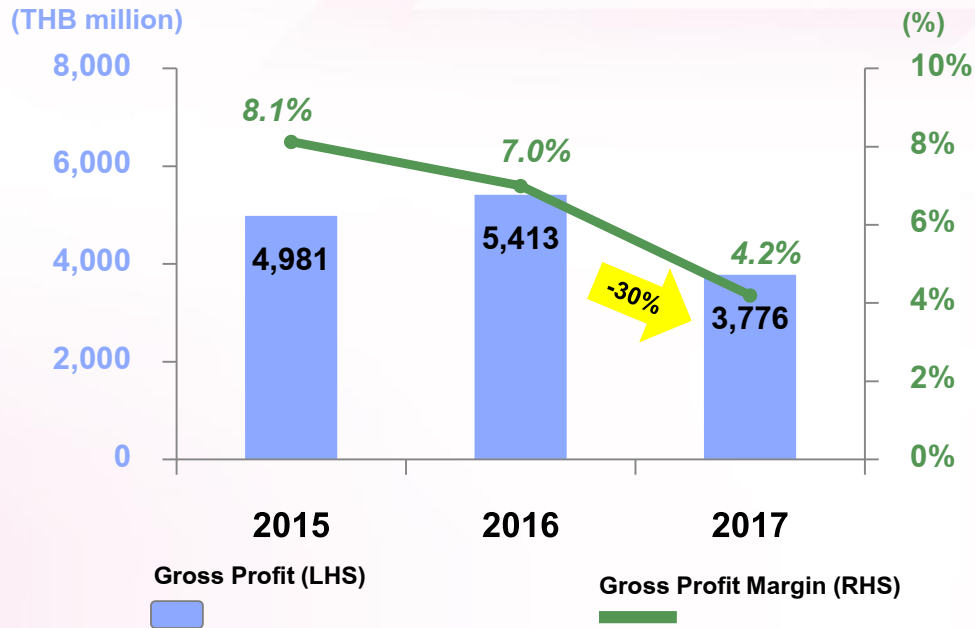
Sales Revenue by Product (THB million)





Agenda item 2

Gross Profit and Gross Profit Margin



Gross profit and gross profit margin in 2017 decreased due to :

- the volatility of natural rubber prices during the year
- the gap of natural rubber prices between future markets and domestic physical markets



Agenda item 2

Key Factors Affecting the Company's Operation



1. Volatility of Natural Rubber Price



2. Foreign Exchange Rate

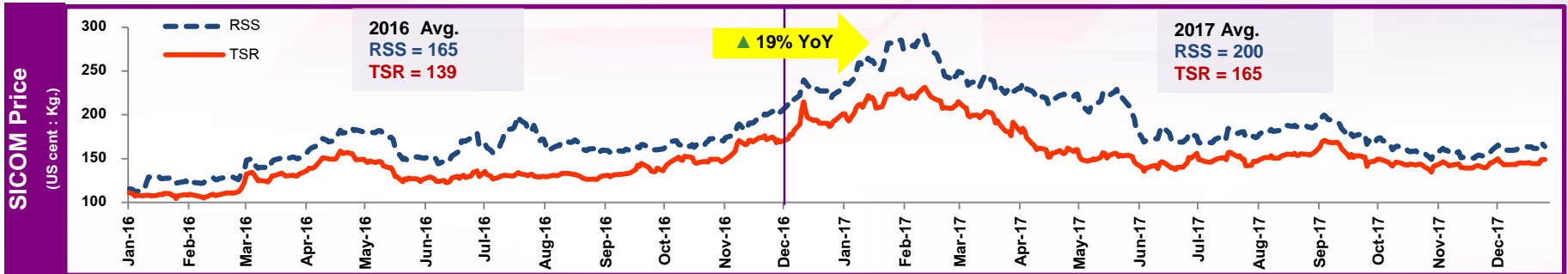


3. Financial Costs



4. Government Policy

Factor 1 : Volatility of Natural Rubber Price

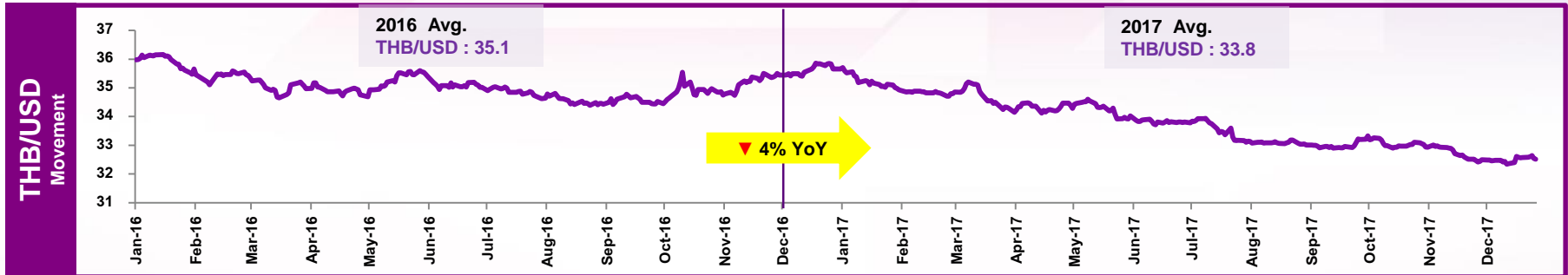


- Rubber prices started to move steadily higher from late 2016 and reached a three-year high at 232 cent/kg. in mid-February 2017. However, prices started to go down steadily since then and remained stable from late Q3 to Q4 2017.
- The average rubber prices in the first half of 2017 was at 181 cent/kg while the second half of 2017 was at 149 cent/kg. Overall 2017 yearly average was 165 cent/kg.

- Increase in natural rubber prices at the beginning of 2017 caused by flooding in the South of Thailand affected the natural rubber outputs in Q1 2017 dropped by 10% comparing to the same period last year. The timing of the flood happened to coincide with the period when the Company needed to stock up on raw material in preparation for the sales during the wintering season. This resulted in higher raw material costs for the Company as well.

Agenda item 2

Factor 2 : Foreign Exchange Rate

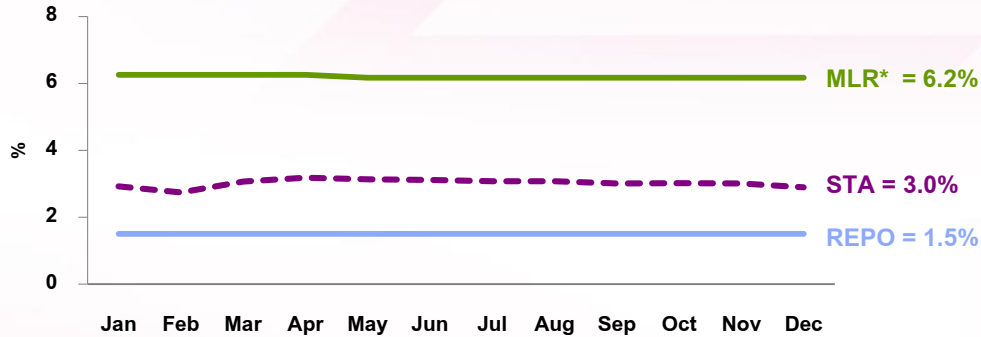


- With the stability of Thailand's economy together with capital flows resulting from the looming policy interest rate increase of the US Federal Reserve and uncertainty of geopolitical situation, these caused Thai Baht strengthen 4% against US dollar from an average in the previous year.
- In 2017, the Company had gain on exchange rate 561.6 million baht, increased from 6.4 million baht in 2016.

| (THB million) | 2016 | 2017 |
|---|----------|------------|
| Realised gain/(loss) on exchange rate | 150 | 377 |
| Unrealised gain/(loss) on exchange rate | (144) | 185 |
| Gain/(loss) on exchange rate | 6 | 562 |

Agenda item 2

Factor 3 : Financial Costs



Note : * The average MLR of three large commercial banks namely Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank

Factor affected increase in financial costs

- In 2017, interest expenses rose from the previous year mainly due to long-term borrowings from financial institutions to support business expansion and acquisition.

| | 2016 | 2017 |
|-----|------|------|
| RP | 1.5% | 1.5% |
| MLR | 6.3% | 6.2% |
| STA | 3.1% | 3.0% |

| (THB million) | 2016 | 2017 |
|--|------------|--------------|
| Interest expenses | 733 | 1,206 |
| unrealised (gain) loss on exchange rate of USD denominated loans | 26 | (40) |
| Finance costs | 707 | 1,246 |



Agenda item 2

Factor 4 : Government Policy

2017

The Government established the policy to create the stability of rubber prices by :

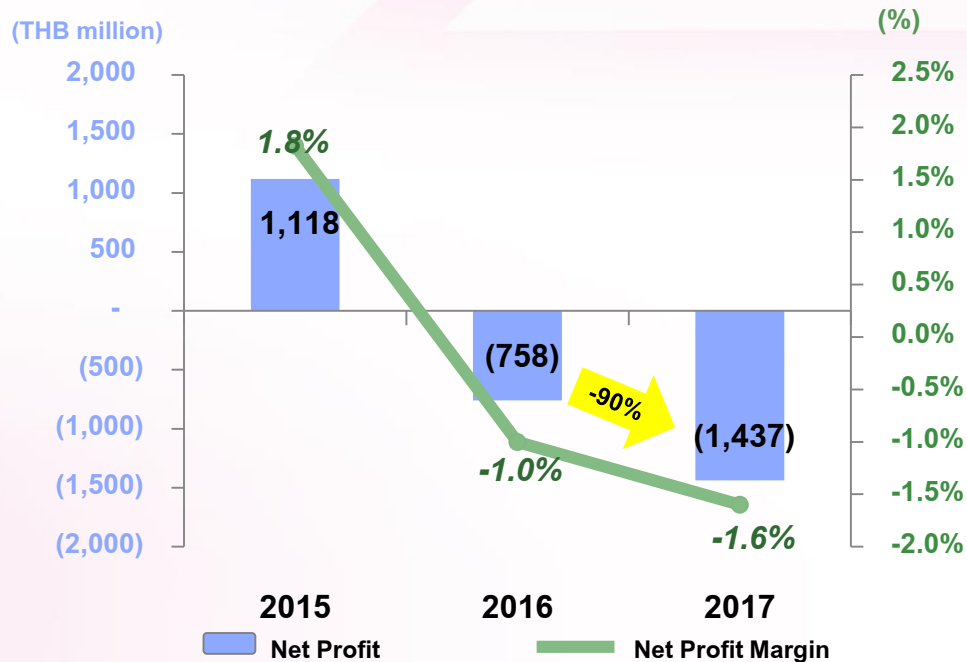
- Establishing Thai Rubber Joint Venture Limited with the Rubber Authority of Thailand (RAOT) and five other natural rubber producers and exporters, including STA, jointly invested in this company in order to engage in domestic and international trade of rubber;
- Launching collective measures to tackle low rubber prices namely encouraging the domestic use of natural rubber, reduce the output by cutting rubber trees and stop tapping etc.

2018

- The Thai Cabinet approved the inclusion of natural rubber as a restricted product under the Ministry of Commerce. (Currently, there is no further measurement and trading of natural rubber remain the same.)
- The governments of three major natural rubber-producing countries, Thailand, Indonesia, and Malaysia, imposed a quota of 350,000 tons of rubber export reduction during January to March 2018.

Agenda item 2

Net Profit and Net Profit Margin



Net losses increased

mainly resulted from :

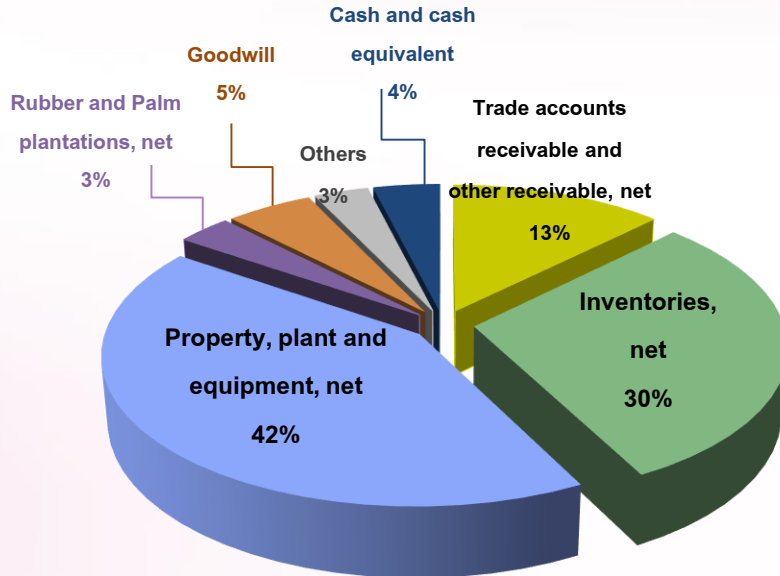
- decrease in gross profit due to the volatility of natural rubber prices
- increase in SG&A
- increase in interest paid mainly due to a borrowing loan to finance the share acquisition in the demerger

Offset by :

- increase in gains from exchange rate and rubber derivatives instruments
- receiving the insurance claim from fire accident of a factory in Indonesia

Financial Structure – Total Assets

2017 Total Assets

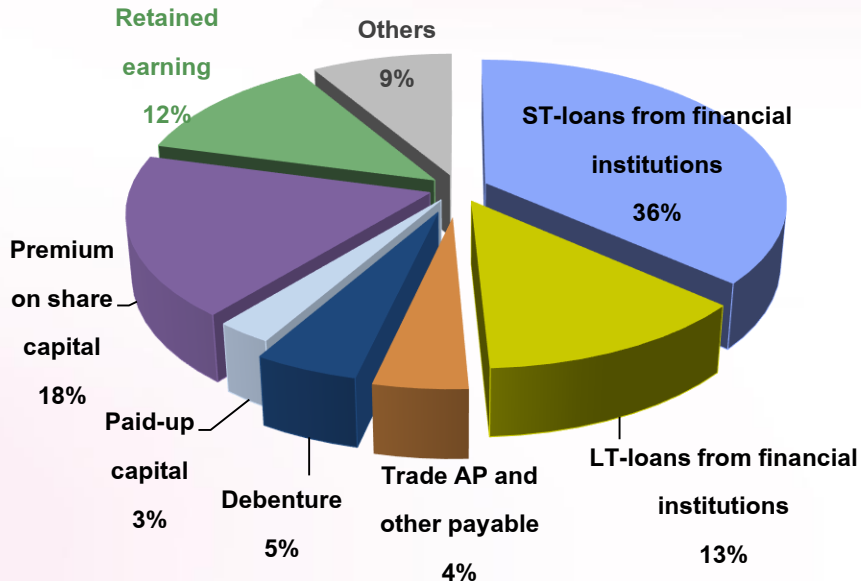


| Consolidated (THB million) | 31 Dec 16 | 31 Dec 17 | % Chg. |
|---|-----------------|-----------------|---------------|
| Cash and cash equivalent | 1,674.6 | 2,241.9 | 33.9% |
| Trade accounts receivable and other receivable, net | 8,093.3 | 7,212.3 | -10.9% |
| Inventories, net | 20,931.0 | 17,123.0 | -18.2% |
| Other current assets | 314.1 | 553.7 | 76.3% |
| Total current assets | 31,811.9 | 28,349.4 | -10.9% |
| Investments in associates and JVs | 5,189.1 | 730.0 | -85.9% |
| Property, plant and equipment, net | 15,765.5 | 24,189.7 | 53.4% |
| Rubber and Palm plantations, net | 1,573.4 | 1,832.4 | 16.5% |
| Goodwill | - | 2,953.8 | N/A |
| Other non-current assets | 56.6 | 65.7 | 16.0% |
| Total non-current assets | 24,146.7 | 31,358.4 | 29.9% |
| Total Assets | 55,958.6 | 59,707.8 | 6.7% |

Agenda item 2

Financial Structure – Total Liabilities and Shareholders' Equity

2017 Liabilities & Shareholders' Equity



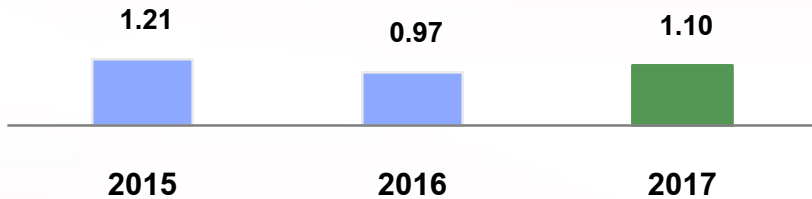
| Consolidated (THB million) | 31 Dec 16 | 31 Dec 17 | % Chg. |
|-----------------------------------|-----------------|-----------------|--------------|
| Short-term loans | 23,433.8 | 21,786.0 | 42.9% |
| Long-term loans* | 5,398.5 | 7,614.4 | 37.3% |
| Trade AP and other payables | 3,167.8 | 2,614.8 | 4.2% |
| Debentures* | 2,865.0 | 2,865.0 | 0.0% |
| Derivative financial instruments | 654.9 | 231.2 | 27.6% |
| Other liabilities | 526.6 | 1,319.4 | 0.3% |
| Total Liabilities | 36,046.6 | 36,430.9 | 31.1% |
| Issued and paid-up share capital | 1,280.0 | 1,536.0 | 0.0% |
| Premium on share capital | 8,551.0 | 10,852.0 | 0.0% |
| Retained earning | 9,164.1 | 7,293.4 | 6.4% |
| Other shareholders' equity | 916.8 | 3,595.5 | 12.0% |
| Total Shareholders' Equity | 19,911.9 | 23,276.9 | 3.6% |



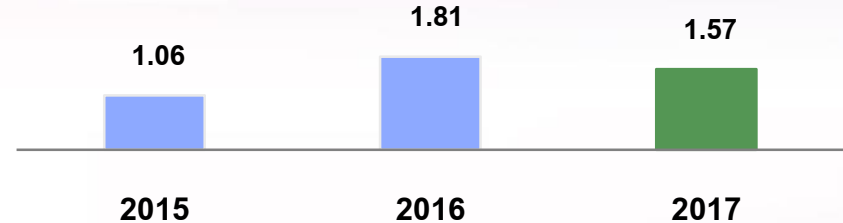
Agenda item 2

Financial Ratios

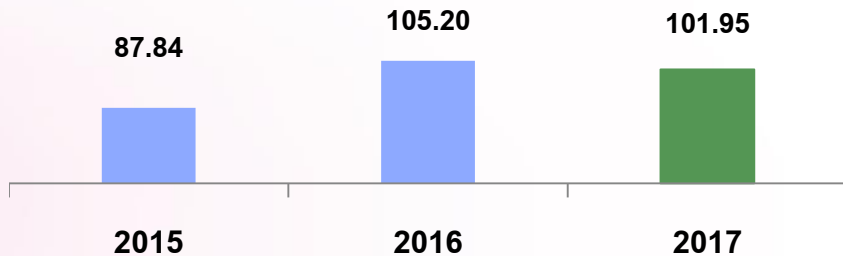
Current Ratio (times)



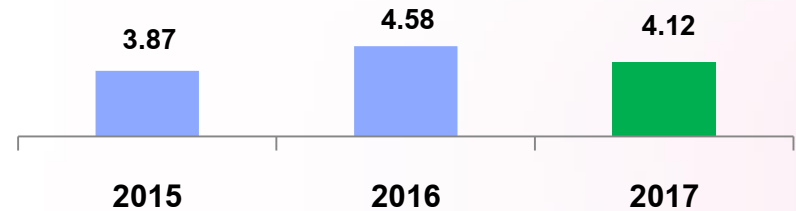
Debt to Equity Ratio (times)



Cash Cycle (days)



Fixed Asset Turnover (times)

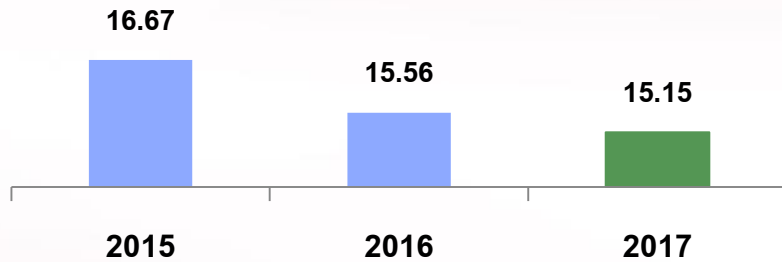




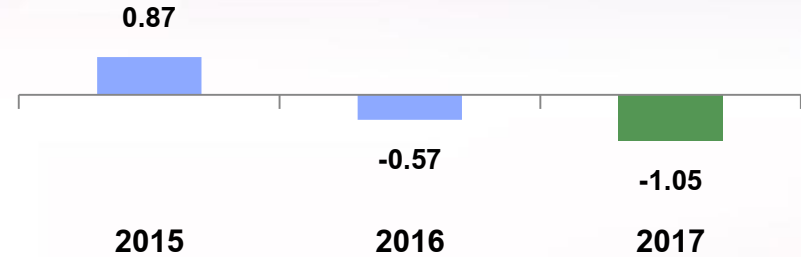
Agenda item 2

Financial Ratios

Book Value per Share (Baht)



Earning per Share (Baht)



Dividend Payout Ratio (%)





Agenda item 3

To consider and approve no distribution of annual dividend for 2017



Agenda item 3

Dividend Policy of the Company

The Company has the policy to pay dividends of approximately 30% of net profits as reported in the stand-alone financial statements of each financial year, but not in excess of retained earnings. In determining the amount of each dividend payment, the Board of Directors considers a range of factors, including the financial position, operating results and cash flows of the Company; the ability of the subsidiaries, associates and joint venture entities to make dividend payments to the Company; the expected working capital required to support the Company's future growth plan as well as the overall economic climate and other external factors that the Board believes could potentially have an impact on the business operations of the Company.



Agenda item 4

To consider and approve the election of directors to replace the directors who retire by rotation



Agenda item 4

One-third of the directors of the Company shall vacate office in the 2017 Annual General Meeting of Shareholders:

1. Mr. Prakob Visitkitjakarn Director / Chairman of the Audit Committee / Independent Director
2. Mr. Viyavood Sincharoenkul Director
3. Mr. Veerasith Sinchareonkul Director
4. Mr. Lee Paul Sumade Director



Agenda item 4

4.1 To consider and approve the election of Mr. Prakob Visitkitjakarn to be directors of the Company for another term.



Proposed to be appointed as a Director and Independent Director of the Company

[Profile](#)



Agenda item 4

4.2 To consider and approve the election of Mr. Viyavood Sincharoenkul to be directors of the Company for another term.



Proposed to be appointed as a Director
of the Company

[Profile](#)



Agenda item 4

4.3 To consider and approve the election of Mr. Veerasith Sinchareonkul to be directors of the Company for another term.



Proposed to be appointed as a Director
of the Company

[Profile](#)



Agenda item 4

4.4 To consider and approve the election of Mr. Lee Paul Sumade to be directors of the Company for another term.



Proposed to be appointed as a Director
of the Company

[Profile](#)



Agenda item 5

To consider and approve the determination of remuneration of directors for the year 2018



Agenda item 5

The directors' remuneration for the year 2018, in a total of not exceeding Baht 8,028,000 which equal to last year with the details as follows:

Annual Remuneration of Board of Directors

- | | |
|----------------------------|------------------------------|
| - Chairman of the Board | Baht 804,000 / person/ annum |
| - Directors of the Company | Baht 600,000 / person/ annum |

Annual Remuneration of Audit Committee

- | | |
|-----------------------------------|------------------------------|
| - Chairman of the Audit Committee | Baht 936,000 / person/ annum |
| - Audit Committee member | Baht 744,000 / person/ annum |



Agenda item 5

Information of the remuneration payment of directors compared with the year 2016 -2018:

| Year | Remuneration of Directors (Baht) | | |
|--------------------|----------------------------------|-----------|-------------|
| | 2018 | 2017 | 2016 |
| Board of Directors | 5,604,000 | 5,569,000 | 4,435,200.- |
| Audit Committee | 2,424,000 | 2,424,000 | 2,059,200.- |
| Total | 8,028,000 | 7,993,000 | 6,494,400.- |



Agenda item 6

To consider and approve the appointment of the auditor and determination of auditing fee for the year 2018



Agenda item 6

It is therefore deemed appropriate to change the auditor for the year 2018 from PricewaterhouseCoopers ABAS Limited to EY Office Limited. This is because

1. it has the same standards as the current auditor of the Company
2. it is qualified and can provide its opinion, which is of benefit to the Company
3. there is no relationship with or interest in the Company or its subsidiaries, executives, major shareholders or related parties of such persons, resulting in it being able to perform independently
4. it has the desire to and expresses its intention to provide services
5. it is an international audit firm with reasonable audit fees in comparison to other audit firms



Agenda item 6

Nominated auditors for shareholder's approval this year

| Name of Auditor | Certified Public Accountant (Thailand) No. | Year for Auditing the Company in past 5 years |
|-------------------------------|--|---|
| 1. Mr. Supachai Panyawattano | 3930 | - |
| 2. Miss Krongkaew Limkittikun | 5874 | - |
| 3. Mr. Nuttawut Santiphet | 5730 | - |

Either of these auditors can conduct the audit and express an opinion on the financial statements of the Company. In the event that neither of these auditors is available, EY Office Limited can delegate another one of its Certified Public Accountants to conduct the audit.



Agenda item 6

Auditing fee of the Company and its subsidiaries

Unit: Baht

| | 2018 | 2017 |
|---------------------------|------------------|-------------------|
| Auditing fee (year end) | 4,249,000 | 5,925,000 |
| Reviewing fee (quarterly) | 4,680,000 | 4,800,000 |
| Total auditing fee | 8,929,000 | 10,725,000 |



Agenda item 6

For the year 2018, EY Office Limited proposed the auditing fee of the Company and 9 subsidiaries, aggregately in an amount of Baht 8,929,000, divided into the auditing fee of the Company in an amount of Baht 5,659,000 and the auditing fee of the subsidiaries in an amount of Baht 3,270,000

In addition, the Company uses the audit services for the foreign subsidiaries from the same audit firm specified herein and other audit firms. The determination to appoint the auditor of each foreign subsidiary shall primarily consider from quality of its services and auditing fee rate. For the subsidiaries located in foreign countries that use the audit services from other audit firms, the Board of Directors of the Company will enable them to submit the financial statements within prescribed time.



Agenda item 7

To consider and approve the reduction of the Company's registered capital from Baht 1,536,000,000 to Baht 1,535,999,998 by cancelling 2 authorized but unissued shares at a par value of Baht 1 per share and the amendment to Clause 4 of the Memorandum of Association to be in line with the reduction of the registered capital



Agenda item 7

Since there were 2 remaining authorized but unissued shares from the rights offering to the shareholders in 2017, it is deemed appropriate for the shareholders' meeting to approve the reduction of the Company's registered capital from the existing registered capital of Baht 1,536,000,000 to Baht 1,535,999,998 by cancelling 2 authorized but unissued shares, at a par value of Baht 1 per share, and the amendment to Clause 4 of the Company's Memorandum of Association to be in line with the reduction of the Company's registered capital as follows:



Agenda item 7

| | | | |
|------------|--------------------|----------------------|---|
| “Clause 4. | Registered Capital | 1,535,999,998 Baht | (Baht One Billion Five Hundred Thirty-Five Million Nine Hundred Ninety-Nine Thousand Nine Hundred Ninety-Eight) |
| | Divided into | 1,535,999,998 shares | (One Billion Five Hundred Thirty-Five Million Nine Hundred Ninety-Nine Thousand Nine Hundred Ninety-Eight shares) |
| | Par value | 1 Baht | (Baht One) |
| | | Divided into | |
| | Ordinary Shares | 1,535,999,998 shares | (One Billion Five Hundred Thirty-Five Million Nine Hundred Ninety-Nine Thousand Nine Hundred Ninety-Eight shares) |
| | Preferred Shares | - share | (-)” |



Agenda item 8

To consider and approve the amendment to Articles 33 and 52 of the Company's Articles of Association



Agenda item 8

To be in line with Section 100 of the Public Limited Companies Act B.E. 2535, which is amended according to the Order of the Head of the National Council for Peace and Order No. 21/2560 Re: Additional Amendment to the Law for Business Facilitation, it is deemed appropriate to amend Article 33 of the Company's Articles of Association.

[Article 33 of the Company's Articles of Association.](#)



Agenda item 8

In addition, due to the reason that Article 52 of the Company's Articles of Association is no longer applied to the Company according to the law of Singapore because the Company's listing status currently is secondary listing on the main board. It is therefore recommended to delete Article 52 of the Company's Articles of Association.

Detail of the amendment to the Company's Articles of Association is shown in Enclosure 5.

[Article 52 of the Company's Articles of Association.](#)



Agenda item 9

Other matters (if any)

member of

SRI TRANG
GROUP

