

10 July 2018

Re: A possibility of the investment in the rubber gloves manufacturing business

To: President
The Stock Exchange of Thailand / Singapore Exchange

Board of Directors Meeting No. 5/2018 of Sri Trang Agro-Industry Public Company Limited (the “**Company**”), convened on 10 July 2018, resolved to have no objection to the proposed investment by Dr. Viyavood Sincharoenkul who is the chairman and managing director of the Company to invest in Thaikong Co., Ltd. (“**TK**”), which is in the rubber gloves manufacturing business, through the acquisition of shares of Thaikong Group Co., Ltd. (“**TKG**”). Subject to the undertakings that Dr. Viyavood Sincharoenkul granted right to the Company to subsequently invest in TK in any appropriate form of structure within 31 December 2018. Such undertaking is exclusively granted to the Company either to directly or indirectly invest in TK in order to incorporate TK to be a part of the Company’s group at acquiring cost (including financing costs) in which Dr. Viyavood Sincharoenkul employed to acquire TK shares, and shall let the Company determine the appropriate structure for investment. During the period that the Company is making decision on the investment, Dr. Viyavood Sincharoenkul undertakes that TK will not make any dividend payment nor capital reduction. The details are described as follows:

Background of Consideration in relation to Investment in TK:

The Company received an offer letter from Thung Tong Corporation Co., Ltd. (“**TT**” or the “**Offeror**”) on 7 June 2018 making an offer for the sale of TT’s shares in TKG amounting to approximately 100 percent of the total shares (TKG, being a holding company holding shares only in TK which is a company engaging in the rubber glove manufacturing business, holds 95 percent of the shares in TK). The offer letter indicated the offering price and two material conditions, that are, (1) The TKG shares payment have to be made to TT by 20 July 2018 due to its financial obligation, and (2) other shareholders in TK will continue to maintain their shareholding in the proportion of five percent.

The Management had analyzed the offer and proposed the investment to the Board of Directors Meeting No. 4/2018 convened on 25 June 2018. The meeting was of the opinion that the investment in TK by means of holding the shares of TKG required time to thoroughly conduct due diligence and study for the businesses of TKG and TK. The Company shall also engage relevant experts and advisors to conduct full analysis, prepare for relevant documentation/agreement, as well as assess for appropriate valuation of the business. Due to the fact that TKG and TK are not publicly listed companies of which the information disclosure and operational control was subject to stricter regulations, the timing required to complete the transaction would take more than 1 month to assess. This was to avoid any negative impact as this transaction involved with a large amount of funds which may be subject to financial burden to the Company. The Board of Directors was of the view that the Company needed to conduct a prudent study and acquired sufficient and appropriate information to make a decision with care. The offering conditions proposed were not timely feasible. The Board of Directors, therefore, resolved not to approve the Company’s acquisition of the shares in TKG from TT on 25 June 2018.

Securing the Opportunities for Investment in TK:

Dr. Viyavood Sincharoenkul has requested the Board of Directors to reconsider the transaction in order to secure the opportunity of the investment in TK via TKG in the meeting of the Board of Directors No. 5/2018 dated 10 July 2018. The benefits to the Company's rubber glove business by having TK under the Company's management would be as follows:

- 1) TK is one of the Company's rubber gloves suppliers. The products of TK have a quality that meets customers' demands. By being a major shareholder of TK and to have TK under the Company's management, the Company would secure the sufficiency and continuance of products for customers and would create synergy value in addition of expected profits from normal investments.
- 2) Considering that TK is one of the Company's suppliers of rubber gloves, if TK belongs to competitors, this may deteriorate the Company's competitiveness in the market either from intense competition and risks in sourcing products of the Company.
- 3) Rubber gloves business has positive growth potential in which the Company can substantially expand TK's capacity to create business opportunities for future business expansion of the Company's rubber glove business.
- 4) It will take 18 – 24 months to achieve the current level of capacity as TK if the Company builds its own expansion. The proposed investment in TK would allow the Company to increase its capacity immediately.
- 5) According to the preliminary analysis by comparing with other international listed companies comparable in the market, the precedent transactions, and the cost of investment in a new facility, the offering price of the seller is comparatively attractive for investment.

Nevertheless, the Board of Directors meeting on 25 June 2018 resolved not to invest in 95% of TK via the investment of TKG due to insufficiency of time to conduct appropriate due diligence. The omission of such exercises may lead the Company to any negative consequences as a result of the investment.

Dr. Viyavood Sincharoenkul, therefore, proposed to make an investment in TK with his own funding and complete the transaction under the timeframe required by the Offeror. Dr. Viyavood Sincharoenkul accepted to bear the risks from not having sufficient information by himself. Dr. Viyavood Sincharoenkul will, thereafter, let the Company conduct necessary due diligence on TKG and TK as well as study appropriate investment structures in details. In this regard, Dr. Viyavood Sincharoenkul has provided the undertakings to the Company in written specifying the timeframe for the Company to make decision in the investment in TK in any structure determined by the Company within 31 December 2018. Such undertaking is exclusively granted to the Company either to directly or indirectly invest in TK in order to incorporate TK to be a part of the Company's group at his actual acquisition cost (including finance costs), and shall let the Company determine the appropriate structure for investment. During the period which the Company has not yet made its decision, Dr. Viyavood Sincharoenkul undertakes that TK will not make any dividend payment nor capital reduction.

Any transaction that the Company or its group to be entered into during the period of undertakings or after the expiration of the undertaking (whether or not the Company makes a decision to invest in TK), the transactions between the Company or its group and TKG or TK have to be

conducted on arms' length basis. There shall be no transfer of benefits and no conflict of interests in order to be compliance with the applicable law and regulations.

The Board of Directors' Meeting No. 5/2018 on 10 July 2018 has considered and was of the view that there shall be no negative impact to the Company from the investment proposed by Dr. Viyavood Sincharoenkul. The Board of Directors, therefore, resolved to have no objection to Dr. Viyavood Sincharoenkul's proposed investment in TK by means of first acquiring the shares of TKG, subject to the undertakings principally given by Dr. Viyavood Sincharoenkul to the Company. In this regard, Dr. Viyavood Sincharoenkul, as the party with interest in this transaction, including Mr. Kitichai Sincharoenkul abstained from voting on this agenda. If there is any further progress, the Company will inform you without delay.

Please be informed accordingly.



Sincerely yours,

Mr. Kitichai Sincharoenkul
(Director)