



SRI TRANG GLOVES (THAILAND) PUBLIC COMPANY LIMITED

(Incorporated in the Kingdom of Thailand on 1 April 2019)
(Company Registration Number: 0107562000106)



INTRODUCTORY DOCUMENT DATED 7 MAY 2021

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser. You are responsible for your own investment choice.

INTRODUCTION OF SRI TRANG GLOVES (THAILAND) PUBLIC COMPANY LIMITED TO THE MAIN BOARD OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

This introductory document (the “**Introductory Document**”) is issued by Sri Trang Gloves (Thailand) Public Company Limited (the “**Company**”) in connection with the secondary listing by way of introduction (“**Introduction**”) of the ordinary shares of our Company (the “**Shares**”) on the Main Board of the SGX-ST (as defined herein). This Introductory Document provides information on our Company and our Shares in compliance with the listing requirements of the SGX-ST. Our Shares are listed on the Stock Exchange of Thailand (the “**SET**”) and will continue to be listed and traded on the SET following the completion of the Introduction.

An application has been made to the SGX-ST for permission to list all our issued Shares on the Main Board of the SGX-ST, which will be granted when we have been admitted to the Official List of the SGX-ST. There are certain risks in connection with an investment in our Shares. Please see “*Risk Factors – Risks Relating to an Investment in Our Shares*” for further details. When our Shares become tradable on the SGX-ST, they will be quoted and traded in Singapore dollars. Our Shares will be traded in board lot sizes of 100 Shares.

Our Company has received a letter of eligibility from the SGX-ST for the listing and quotation of our Shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Introductory Document. Our Company’s eligibility to list and admission to the Official List of the SGX-ST are not to be taken as an indication of the merits of the Introduction, our Group (as defined herein), our Company or our Shares.

This Introductory Document is issued for information purposes only. Nothing in this Introductory Document constitutes or shall be construed as an offer, or an invitation or a solicitation of an offer by us or on our behalf, to the public to subscribe for or purchase any of our Shares. No Shares or any other securities shall be allotted or allocated on the basis of this Introductory Document. This Introductory Document is not a prospectus under Singapore law and has not been lodged with, or registered by, the Monetary Authority of Singapore (the “**MAS**”). The MAS assumes no responsibility for the contents of the Introductory Document.

Issue Manager



DBS BANK LTD.
(incorporated in Singapore)

TABLE OF CONTENTS

NOTICE TO INVESTORS.....	3
CORPORATE INFORMATION	8
DEFINED TERMS AND ABBREVIATIONS.....	10
GLOSSARY OF TECHNICAL TERMS	16
SUMMARY	18
SUMMARY OF THE INTRODUCTION.....	24
OUR LISTING ON THE SGX-ST	26
RISK FACTORS	31
DIVIDEND POLICY	51
CAPITALISATION AND INDEBTEDNESS	54
MARKET PRICE INFORMATION	56
EXCHANGE RATES AND EXCHANGE CONTROLS	57
SELECTED CONSOLIDATED FINANCIAL INFORMATION	60
SELECTED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION.....	65
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	68
RUBBER GLOVE INDUSTRY AND PROSPECTS	93
HISTORY AND CORPORATE STRUCTURE	99
BUSINESS	103
REGULATIONS	149
MANAGEMENT AND CORPORATE GOVERNANCE.....	153
SHARE OWNERSHIP	171
STGT ESOP.....	176
DESCRIPTION OF SHARE CAPITAL	180
CONNECTED TRANSACTIONS AND POTENTIAL CONFLICTS OF INTERESTS	189
TAXATION	259
CLEARANCE AND SETTLEMENT	265
GENERAL AND STATUTORY INFORMATION	271

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF SRI TRANG GLOVES (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT AND FOR THE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020	A-1
APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF SRI TRANG GLOVES (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020	B-1
APPENDIX C – COMPARISON OF THAI CORPORATE LAW AND SINGAPORE CORPORATE LAW.....	C-1
APPENDIX D – COMPARISON OF SET REGULATIONS AND THAI SECURITIES LAW AND SGX-ST LISTING RULES AND SINGAPORE SECURITIES LAW.....	D-1
APPENDIX E – LIST OF PAST AND PRESENT DIRECTORSHIPS	E-1

NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Introductory Document, and any information or representation not so contained must not be relied upon as having been authorised by our Company or the Issue Manager (as defined herein). The delivery of this Introductory Document shall not under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of our Group or our Shares since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, our Company will make an announcement of the same to the SGX-ST. Recipients of this Introductory Document and all prospective investors in our Shares should take note of such announcements and documents and upon release of such announcements or documents shall be deemed to have notice of such changes. No representation, warranty or covenant, expressed or implied, is made by our Company, the Issue Manager or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Introductory Document is, or shall be relied upon, as a promise, representation or covenant by our Company, the Issue Manager or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Recipients of this Introductory Document and all prospective investors in our Shares should not construe the contents of this Introductory Document or its appendices as legal, business, financial or tax advice. Recipients of this Introductory Document and all prospective investors in our Shares should consult their own professional advisers as to the legal, business, financial, tax and related aspects of holding and owning our Shares.

This Introductory Document has been prepared solely for the purpose of the Introduction and may not be relied upon by any persons for purposes other than the Introduction prior to the Listing Date (as defined herein) or for any purpose whatsoever on or after the Listing Date. This Introductory Document does not constitute, and nothing in this Introductory Document constitutes or shall be construed to constitute an offer, invitation or solicitation in any jurisdiction to subscribe for or purchase our Shares. This Introductory Document does not constitute a prospectus under Singapore law and has not been lodged with or registered by the MAS.

The use or distribution of this Introductory Document may be prohibited or restricted by law in certain jurisdictions. Our Company and the Issue Manager require persons into whose possession this Introductory Document comes to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to our Company and the Issue Manager. Persons to whom a copy of this Introductory Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Introductory Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

A copy of this Introductory Document is available on SGXNET at <http://www.sgx.com>.

FORWARD-LOOKING STATEMENTS

Certain statements in this Introductory Document constitute “forward-looking statements”. All statements other than statements of historical fact included in this Introductory Document, including those regarding our financial position and results, business strategies, plans and objectives of management for future operations (including development plans and dividends), are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future.

Forward-looking statements involve inherent risks and uncertainties. The forward-looking statements included in this Introductory Document reflect our current views with respect to future events and are not a guarantee of future performance. You can identify these forward-looking statements by words or phrases such as “may”, “will”, “expect”, “anticipate”, “aim”, “estimate”, “intend”, “plan”, “believe”, “likely to”, or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These include, but are not limited to:

- shortage of raw materials or increases in raw materials costs;
- effects of competition;
- slowing demand or additional capacity of supply;
- changes or volatility in foreign exchange, inflation and interest rates;
- changes in laws, regulations, or governmental policies applicable to our industry or business, including licensing requirements; and
- general economic, political, legal and regulatory conditions in the countries in which we operate.

You should read this Introductory Document and the documents that we refer to in this Introductory Document with the understanding that our actual future results may be materially different from or worse than what we expect. Other sections of this Introductory Document include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This Introductory Document contains certain data and information that we have obtained from industry publications and reports generated by third party providers of market intelligence. We have not independently verified the accuracy or completeness of the data and information contained in these publications and reports. Statistical data in these publications also include projections based on a number of assumptions. The rubber gloves industry may not grow at the rate projected by market data, or at all. Failure of these markets to grow at the projected rate may have a material and adverse effect on our business and the market price of our Shares. If any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*”, “*Dividend Policy*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Business*” and “*Rubber Glove Industry and Prospects*”. These forward-looking statements speak only as at the date of this Introductory Document. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We expressly disclaim any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the expectations of our Company with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated in Thailand. Most of our Directors and Executive Officers named in this Introductory Document are residents of Thailand. Additionally, most of our assets and the assets of our Directors and Executive Officers are located in Thailand. As a result, you may not be able to:

- effect service of process upon us or these persons outside Thailand; or
- enforce against us judgments obtained in courts outside of Thailand.

Thai courts will not enforce any judgment or order obtained outside of Thailand, but a judgment or order from a foreign court may, at the discretion of a court in Thailand, be admitted as evidence of an obligation in a new proceeding instituted in that court, which will consider the issue or the evidence before it.

PRESENTATION OF FINANCIAL AND STATISTICAL INFORMATION

This Introductory Document contains the audited consolidated financial statements of our Group as at and for the years ended 31 December 2018, 2019 and 2020 (the “**Audited Consolidated Financial Statements**”), as set out in Appendix A to this Introductory Document. Investors should exercise care and caution when viewing these financial statements. In the event of doubt, investors should consult their own professional advisers.

Our Audited Consolidated Financial Statements have been audited by EY Office Limited (“**EY**” or the “**Independent Auditor**”) in accordance with International Standards on Auditing (“**ISA**”) and prepared and presented in accordance with Thai Financial Reporting Standards (“**TFRS**”). The preparation of the Audited Consolidated Financial Statements in conformity with TFRS at times requires our management to make subjective estimates and judgments regarding matters that are inherently uncertain. Such estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and judgments affect reported amounts and disclosures. Our results of operations may differ if prepared under different estimates and judgments. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Accounting Judgments and Estimates*”.

We have obtained a waiver from the SGX-ST from compliance with Rule 211A(2) of the Listing Manual. See *“Our Listing on the SGX-ST”* and accordingly, our Audited Consolidated Financial Statements have not been reconciled or restated to Singapore Financial Reporting Standards (International) (**“SFRS(I)”**), International Financial Reporting Standards (**“IFRS”**) or US Generally Accepted Accounting Principles (**“US GAAP”**). For the years ended 31 December 2018, 2019 and 2020 (the **“Relevant Period”**), there were some differences between TFRS and IFRS due to time lag in implementation and some local options on the transition to new TFRS, however, EY is of the opinion that no material adjustments are required to restate the Audited Consolidated Financial Statements in accordance with IFRS for the Relevant Period. Post-Introduction, the Audited Consolidated Financial Statements of our Company will not be reconciled or restated to SFRS(I), IFRS or US GAAP or audited in accordance with the Singapore Standards on Auditing (**“SSA”**), ISA or US Generally Accepted Auditing Standards (**“US GAAS”**), as our Company will continue to comply with such requirements in relation to accounting and auditing standards applicable to our Company under the Thai periodic disclosure regulations. Subject to the Thai periodic disclosure regulations, it is currently expected that our Company’s periodic financial reports will continue to be prepared (and released on the SET and the SGX-ST) in accordance with TFRS and audited in accordance with Thai Standards on Auditing.

This Introductory Document also contains unaudited pro forma consolidated financial information of our Group as at and for the year ended 31 December 2020, which has been compiled to illustrate the impact of final dividends after 31 December 2020 of THB 5,715,120,000 approved by our Shareholders at the annual general meeting on 2 April 2021 (the **“Approved Dividend”**). The actual amount of dividend that was paid out on 28 April 2021 was THB 5,714,019,040. The unaudited pro forma consolidated financial information was compiled to illustrate the Approved Dividend.

Our unaudited pro forma consolidated financial information as at and for the year ended 31 December 2020 has been compiled in a manner consistent with the accounting policies adopted for our Audited Consolidated Financial Statements, which are prepared and presented in accordance with TFRS. Our pro forma consolidated financial information has been prepared for illustrative purposes only and is based on certain assumptions after making certain adjustments. See Note 4 to our pro forma consolidated financial information, as set out in Appendix B to this Introductory Document for details of such adjustments.

We maintain our accounts and publish our financial statements in Baht. This Introductory Document contains translations of Baht amounts into Singapore dollars solely for the convenience of the reader. Unless otherwise indicated, Baht amounts in this Introductory Document have been translated into Singapore dollars based on the exchange rate of THB 23.64 = S\$1.00, quoted by Bloomberg L.P.¹ on the Latest Practicable Date. However, these translations should not be construed as representations that Baht amounts have been, would have been or could be converted into Singapore dollars or that Singapore dollar amounts have been, would have been or could be converted into Baht at those rates or any other rate or at all. See *“Exchange Rates and Exchange Controls”* for certain historical information on the exchange rate between Baht and Singapore dollars.

¹ Bloomberg L.P. has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such information.

MARKET AND INDUSTRY INFORMATION

We derive certain facts and statistics in this Introductory Document relating to the glove manufacturing industry globally from various publicly available industry, government and research publications. This Introductory Document also includes industry data and forecasts that we have obtained from such industry publication and surveys, reports of governmental agencies and internal company surveys. We have taken reasonable action to ensure that the facts and statistical data used in this Introductory Document have been extracted from these sources in their proper form and context. However, we have not verified the accuracy of the information extracted nor have we obtained the specific consent of these sources for the inclusion of such information in this Introductory Document.

CORPORATE INFORMATION

Board of Directors	Prof. Dr. Weerakorn Ongsakul (Chairman and Independent Director) Mr. Kitichai Sincharoenkul (Vice Chairman and Non-executive Director) Dr. Viyavood Sincharoenkul (Non-executive Director) Ms. Jarinya Jirojkul (Executive Director and CEO) Ms. Thanawan Sa-ngiamsak (Executive Director and CFO) Mr. Chia Chee Ping (Executive Director and CMO) Mr. Anan Pruksanusak (Executive Director) Mr. Vitanath Sincharoenkul (Executive Director) Mr. Veerasith Sinchareonkul (Non-executive Director) Mrs. Unakorn Phruithithada (Independent Director) Clinical Prof. Dr. Sarana Boonbaichaiyapruk (Independent Director) General Bundit Boonyapan (Independent Director)
Company Secretary	Mrs. Peerawan Matngammuang (Company Secretary Program (Class 30/2009), Thai Institute of Directors)
Registered Head Office	No. 110 Kanjanavanit Road Pahtong Sub-district, Hat Yai District Songkhla 90230, Thailand
Principal Place of Business	17th Floor, Park Venture Ecoplex Unit 1701, 1707-1712 57 Wireless Road Lumpini Sub-district, Pathumwan District Bangkok 10330, Thailand
Registration Number	0107562000106
Issue Manager	DBS Bank Ltd. 12 Marina Boulevard, Level 46 Marina Bay Financial Centre Tower 3 Singapore 018982
Thai Financial Adviser to the Company	Finansa Securities Limited 48/45 TISCO Tower, 20th Floor, North Sathorn Road Silom Sub-district, Bangrak District Bangkok 10500, Thailand
Legal Adviser to the Company as to Singapore Law	WongPartnership LLP 12 Marina Boulevard, Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982

Legal Adviser to the Company as to Thai Law	Weerawong, Chinnavat & Partners Ltd. 22nd Floor, Mercury Tower, 540 Ploenchit Road Lumpini Sub-district, Pathumwan District Bangkok 10330, Thailand
Legal Adviser to the Issue Manager as to PRC Law	JunHe LLP 20/F, China Resources Building 8 Jianguomenbei Avenue Beijing 100005 People's Republic of China
Independent Auditor	EY Office Limited 33rd Lake Rajada Office Complex, 193/136-7 Ratchadaphisek Road Klong Toey Nuea Sub-district, Klong Toey District Bangkok 10110, Thailand Partner-in-charge: Mr. Supachai Phanyawattano Certified Public Accountant (Thailand) No. 3930
Thai Securities Registrar	Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road Din Daeng Sub-district, Din Daeng District Bangkok 10400, Thailand
Singapore Share Transfer Agent	Boardroom Corporate & Advisory Services Pte Ltd 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Principal Bankers	Bank of Ayudhya Public Company Limited 1222 Rama III Road Bang Phongphang Sub-district, Yan Nawa District Bangkok 10120, Thailand KASIKORNBANK Public Company Limited 1 Soi Rat Burana 27/1, Rat Burana Road Rat Burana Sub-district, Rat Burana District Bangkok 10140, Thailand The Siam Commercial Bank Public Company Limited 9 Ratchadapisek Road Jatujak Sub-district, Jatujak District Bangkok 10900, Thailand

DEFINED TERMS AND ABBREVIATIONS

The following definitions of certain terms and abbreviations when used in this Introductory Document shall bear the same meanings as set forth below unless otherwise defined herein or the context otherwise requires:

Our Group

<i>Company or STGT</i>	:	Sri Trang Gloves (Thailand) Public Company Limited
<i>PS</i>	:	Sadao P.S. Rubber Co., Ltd.
<i>PSE</i>	:	Premier System Engineering Co., Ltd.
<i>SDME</i>	:	Shidong Shanghai Medical Equipment Co., Ltd.
<i>STU</i>	:	Sri Trang USA, Inc.

STA Group (Excluding our Group)

<i>ANV</i>	:	Anvar Parawood Co., Ltd.
<i>NHR</i>	:	Nam Hua Rubber Company Limited
<i>RBL</i>	:	Rubberland Products Company Limited
<i>SDS</i>	:	Shi Dong Shanghai Rubber Co., Ltd.
<i>STA</i>	:	Sri Trang Agro-Industry Public Company Limited
<i>STA Group</i>	:	STA and its subsidiaries
<i>STA IBC</i>	:	Sri Trang IBC Co., Ltd.
<i>STC</i>	:	Startex Rubber Corporation Limited
<i>STI</i>	:	Sri Trang International Pte. Ltd.
<i>STL</i>	:	Starlight Express Transport Company Limited
<i>STV</i>	:	Sri Trang Indochina (Vietnam) Co., Ltd.

General

<i>Amalgamation</i>	:	The amalgamation of Sri Trang Gloves (Thailand) Co., Ltd. and Thaikong
<i>Amalgamation Date</i>	:	1 April 2019, being the date on which our Company was formed through the Amalgamation
<i>Articles of Association</i>	:	The articles of association of our Company

<i>Board or Board of Directors</i>	:	The Board of Directors of our Company as at the date of this Introductory Document, unless otherwise stated
<i>BOI</i>	:	Board of Investment of Thailand
<i>CDP</i>	:	The Central Depository (Pte) Limited
<i>CDP Depositors</i>	:	Depositors holding Shares under direct accounts with CDP or securities sub-accounts with a Depository Agent (as defined under the Singapore Companies Act)
<i>CEO</i>	:	Chief Executive Officer
<i>CFO</i>	:	Chief Financial Officer
<i>CMO</i>	:	Chief Marketing Officer
<i>CMSB</i>	:	Capital Market Supervisory Board of Thailand
<i>Concentrated Latex Purchase Agreement</i>	:	The concentrated latex purchase agreement entered into between our Company (as buyer) and STA, RBL and NHR (as sellers) dated 28 June 2019 (as amended on 31 January 2020 and 20 December 2020)
<i>COVID-19</i>	:	Coronavirus Disease 2019
<i>Directors</i>	:	The directors of our Company as at the date of this Introductory Document, unless otherwise stated
<i>ESOP Shares</i>	:	Up to 12,000,000 new Shares, at a par value of THB 0.50 per Share, to be offered and issued by our Company under the second and third tranches of the STGT ESOP
<i>Executive Officers</i>	:	The executive officers of our Company as at the date of this Introductory Document, unless otherwise stated
<i>EY</i>	:	EY Office Limited, Thailand
<i>FIE</i>	:	Foreign Investment Enterprises
<i>Firewood Purchase Agreement</i>	:	The firewood purchase agreement entered into between our Company (as buyer) and ANV (as seller) dated 2 September 2019
<i>FSC</i>	:	Forest Stewardship Council
<i>FY</i>	:	Financial year ended 31 December
<i>GDP</i>	:	Gross domestic product
<i>GST</i>	:	Goods and services tax

IFRS	:	International Financial Reporting Standards
Introduction	:	The secondary listing by way of introduction of our Shares on the Main Board of the SGX-ST
Introductory Document	:	This Introductory Document dated 7 May 2021 issued by our Company in respect of the Introduction
ISA	:	International Standards on Auditing
Issue Manager	:	DBS Bank Ltd., as the issue manager to this Introduction
Latest Practicable Date	:	27 April 2021, being the latest practicable date prior to the issue of this Introductory Document
Listing Date	:	The date on which trading of our Shares on the SGX-ST commences
Listing Manual	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
Listing Rules	:	The listing rules of the SGX-ST, as amended, modified or supplemented from time to time
MARGMA	:	Malaysian Rubber Glove Manufacturers Association
Market Day	:	A day on which the SGX-ST is open for trading in securities
MAS	:	Monetary Authority of Singapore
Memorandum of Association	:	The memorandum of association of our Company, as amended or modified from time to time
MOC	:	Ministry of Commerce of Thailand
OECD	:	Organisation for Economic Co-operation and Development
Offer Price Regulation	:	Notification of the Office of the Thai SEC No. SorChor. 39/2551 Re: Calculation of Offer Price of Securities and Determination of Market Price for Consideration of Offer for Sale of Newly Issued Shares with Discount
PBOC	:	People's Bank of China
PLCA	:	The Public Limited Companies Act B.E. 2535 (1992) of Thailand, as amended from time to time
PRC or China	:	People's Republic of China
R&D	:	Research and development
SAFE	:	State Administration of Foreign Exchange of the PRC

SEC Act	:	The Securities and Exchange Act B.E. 2535 (1992) of Thailand, as amended from time to time
Securities Account	:	Securities account maintained by a Depositor with CDP
Semperit	:	Semperit Technische Produkte Gesellschaft mbH
SET	:	The Stock Exchange of Thailand
SFA	:	Securities and Futures Act, Chapter 289 of Singapore, as amended from time to time
SFR	:	Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended from time to time
SFRS(I)	:	Singapore Financial Reporting Standards (International)
SGXNET	:	Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies
SGX-ST	:	Singapore Exchange Securities Trading Limited
Shareholders	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
Shares	:	Ordinary shares in the capital of our Company
Share Split	:	The sub-division of every one Share of par value THB 1.00 into two Shares of par value THB 0.50 each, which occurred on 28 December 2020, with trading of the new par value Shares on the SET on 5 January 2021
Singapore Companies Act	:	Companies Act, Chapter 50 of Singapore, as amended from time to time
sq m	:	Square metres
SSA	:	Singapore Standards on Auditing
STGT ESOP	:	The STGT Employee Stock Option Plan approved by Shareholders at an extraordinary general meeting held on 22 November 2019
STH	:	Sri Trang Holdings Co., Ltd.
TCH	:	Thailand Clearing House Co., Ltd.

TFRS	:	Thai Financial Reporting Standards
TGO	:	Thailand Greenhouse Gas Management Organisation
Thai GAAP	:	Thai Generally Accepted Accounting Principles
Thai IPO	:	The initial public offering exercise undertaken by our Company in Thailand in June 2020
Thai SEC	:	Securities and Exchange Commission of Thailand
Thaikong	:	Thaikong Public Company Limited (formerly known as Thaikong Co., Ltd)
TSD	:	Thailand Securities Depository Co., Ltd.
UK	:	United Kingdom
United States or US	:	United States of America
US GAAP	:	US Generally Accepted Accounting Principles
US GAAS	:	US Generally Accepted Auditing Standards
WHO	:	World Health Organisation
%	:	Percentage

In this Introductory Document, references to our “**Company**” are to Sri Trang Gloves (Thailand) Public Company Limited and unless the context otherwise requires, the terms “**we**”, “**us**”, “**our**” and “**our Group**” refer to Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries taken as a whole. Unless otherwise stated, references to our “**Controlling Shareholder**” are to STA and the STA Group, unless the context otherwise requires. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Unless otherwise stated, the terms “**subsidiary**” and “**substantial shareholder**” shall have the meanings ascribed to them in Sections 5 and 81 of the Singapore Companies Act respectively.

Any references in this Introductory Document to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the SFA or any statutory modification thereof and used in this Introductory Document shall have the meaning assigned to it under the SFA or such statutory modification, as the case may be.

Any reference to a time and date in this Introductory Document shall be a reference to Singapore time and date unless otherwise stated.

Unless we specify otherwise or the context otherwise requires, all references to the “**Shares**” refer to ordinary shares in the capital of the Company.

In this Introductory Document, references to “**THB**” or “**Baht**” are to the lawful currency of Thailand, references to “**S\$**” or “**Singapore dollar**” are to the lawful currency of the Republic of Singapore, references to “**US\$**”, “**US dollar**” or “**USD**” are to the lawful currency of the US, references to “**RMB**” or “**Renminbi**” are to the lawful currency of the PRC, references to “**RM**” or “**Malaysian Ringgit**” are to the lawful currency of Malaysia, and references to “**Indonesian Rupiah**” are to the lawful currency of Indonesia.

References to the “**separate financial statements**” of our Company and/or our subsidiaries in this Introductory Document are references to the respective standalone financial statements of our Company and/or our subsidiaries.

Certain numerical figures set out in this Introductory Document, including financial data presented in billions, millions or thousands, and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this Introductory Document may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” of this Introductory Document are approximate figures and have been calculated using the numerical data in our consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in this Introductory Document, as applicable, and not using the numerical data in the narrative description thereof.

GLOSSARY OF TECHNICAL TERMS

To facilitate an understanding of our business, the following glossary provides a description of certain technical terms and abbreviations related to our business, as used in this Introductory Document. The terms and their assigned meanings set out below may not correspond to standard industry or common meanings or usage of these terms, and should not be treated as being definitive of their meanings.

AQL	:	Acceptable Quality Level or Acceptable Quality Limit, the level or limit of faults deemed acceptable in a given batch of product
accelerator	:	Chemical additives that hasten the vulcanisation process, which is the process of treating latex chemically to improve its physical properties (such as elasticity, strength and stability)
activator	:	Chemical additives that activate the chemical reaction of accelerators
concentrated latex	:	Latex that is derived from field latex and processed using centrifugation and contains 60.0% dry rubber content
GMP	:	Good Manufacturing Practice, a system for ensuring that products are consistently produced and controlled according to quality standards
HACCP	:	Hazard Analysis and Critical Control Point, a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw materials production, procurement and handling, to manufacturing, distribution and consumption of the finished product
installed capacity	:	The maximum capacity based on machine specifications under 360-day operations, without taking into account downtime for the maintenance of machinery and equipment
natural rubber latex	:	Latex in a liquid emulsion form extracted from the rubber tree
OEM	:	Original Equipment Manufacturer or Original Equipment Manufacturing, whereby we manufacture gloves under our customers' brands
SAP system	:	Enterprise resource planning (ERP) software which includes programmes for all core business areas, including procurement, production, materials and inventory management, sales and marketing, accounting and finance, and human resources
stabiliser	:	A chemical additive that maintains the natural rubber latex colloidal system in the liquid phase

<i>synthetic latex</i>	:	Artificial latex produced from various petroleum-based molecules such as styrene and butadiene
<i>technical capacity</i>	:	The maximum capacity based on the machine's installed capacity, taking into account the estimated total number of working days, downtime for the maintenance of machinery and equipment and the time needed to complete each production cycle
<i>tensile strength</i>	:	The maximum load that a material can support by stretching and without fracturing and breaking

SUMMARY

This summary highlights information contained in other parts of this Introductory Document. As this is only a summary, it does not contain all of the information that you should consider before investing in our Shares, and it is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Introductory Document. Unless the context requires otherwise, references in this Introductory Document to “our Group”, “we”, “us” and “our” refer to Sri Trang Gloves (Thailand) Public Company Limited and our subsidiaries taken as a whole. You should read this entire Introductory Document, including, among others, our consolidated financial statements and the related notes and “Risk Factors”, before making a decision to invest in our Shares.

OVERVIEW

Business

Our Group is engaged in the business of manufacturing and distributing rubber gloves for medical use and use in other industries. Our main products comprise powdered natural rubber gloves, powder-free natural rubber gloves and nitrile gloves. Most of the rubber gloves that we manufacture and distribute are natural rubber gloves for medical use. Our products have been exported to more than 140 countries worldwide, including countries in North America, South America, Europe, Asia Pacific, the Middle East, Africa and Oceania.

As of the Latest Practicable Date, we have three production plants, namely: (a) our Hat Yai factory located in Hat Yai District, Songkhla Province; (b) our Surat Thani factory located in Kanchanadit District, Surat Thani Province; and (c) our Trang factory located in Kantang District, Trang Province, which have a total of 147 production lines and an installed capacity of approximately 33.3 billion pieces of gloves per year. We believe this makes us the largest rubber glove manufacturer in Thailand and the third largest in the world².

Competitive Strengths

We believe that our Group benefits from a number of competitive strengths underpinned by our track record and the experience of our management team:

- our factories are strategically located in Thailand;
- we use modern production technology;
- we have wide distribution channels;

² Based on the installed or production capacity of top rubber glove manufacturers: (1) Top Glove Corporation Berhad (“**Top Glove**”) with an installed capacity of approximately 96 billion pieces per year, based on its investor presentation dated 30 April 2021; (2) Hartalega Holdings Berhad (“**Hartalega**”) with a production capacity of approximately 43 billion pieces per year, based on its press release dated 10 March 2021; (3) our Company with an installed capacity of approximately 33.3 billion pieces per year as of the Latest Practicable Date; (4) Kossan Rubber Industries Berhad (“**Kossan**”) with an installed capacity of approximately 28 billion pieces per year, according to Bloomberg L.P.’s article on 8 May 2020 (<https://www.bloomberg.com/news/articles/2020-05-07/glove-maker-that-got-its-start-with-aids-surges-on-covid-demand>); and (5) Supermax Corporation Berhad (“**Supermax**”) with an installed capacity of approximately 26 billion pieces per year as of 31 December 2020, based on the company’s quarterly report. None of Top Glove, Hartalega, Bloomberg L.P. or Supermax has provided consent to the inclusion of the information cited and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such Information.

- we have a long track record of operating in the rubber glove industry, which has high barriers to entry;
- we have a strong reputation for high quality products and service standards;
- our senior management team has extensive experience and expertise in the rubber glove manufacturing and distribution business; and
- we have a strategic relationship with our Controlling Shareholder, the STA Group, which is a leading fully integrated natural rubber company.

Please see “*Business – Competitive Strengths*” for further details.

Business Strategies and Future Plans

Our business strategy comprises the following key elements:

Continually expand production capacity to support the growth of the rubber glove industry

We intend to continually invest in increasing the production capacity of our factories to meet market demand and support the continuing growth of the global rubber glove market. Our installed capacity has grown from an estimated 15.1 billion pieces per year in 2015 to 32.6 billion pieces per year as of 31 December 2020. As at the Latest Practicable Date, we have a total installed capacity of approximately 33.3 billion pieces per year. We have long-term plans to expand our installed capacity to approximately 80 billion pieces per year by 2024 and aim to increase our installed capacity to approximately 100 billion pieces per year by 2026, through investment in expanding our production capacity in our current production plants and also in new locations organically and also through mergers or acquisitions. This will ensure that we will have sufficient production capacity to support future growth in demand for rubber glove products and to create strong and stable growth for our business.

Over the next several years, we plan to invest significantly in increasing our production capacity and production through the following projects:

- **Expansion of Surat Thani Factory**

We plan to expand the installed capacity of our Surat Thani factory by approximately 6.1 billion additional pieces of rubber gloves per year by expanding the current facility as well as building a new facility which will be able to produce both powder-free natural rubber gloves and nitrile gloves. We expect the capital expenditure required for this project (including the cost of land) to be approximately THB 3.4 billion over a three-year period from 2020 to 2022. We intend to finance this project using our long-term bank borrowings as well as the proceeds of our Thai IPO. As at the Latest Practicable Date, we have expended approximately THB 1,603.9 million on this project.

We began construction in July 2020 and have commenced commercial production in the first quarter of 2021 for some production lines. We expect to complete construction of all 18 production lines in the first quarter of 2022.

- **Construction of PS Factory**

We plan to construct a new factory on vacant land that our subsidiary, PS, owns in Sadao District, Songkhla Province. The area is designated as a special economic zone (SEZ) by the BOI and our Company will receive fiscal incentives, such as tax benefits, for investing in the area. The new factory, when fully constructed, will have an installed capacity of approximately 2.9 billion pieces of rubber gloves per year and be able to produce both powder-free natural rubber gloves and nitrile gloves. We expect the capital expenditure required for this project (including the cost of land) to be approximately THB 1.8 billion over a three-year period from 2020 to 2022. We intend to finance this project using long-term bank borrowings and the proceeds of our Thai IPO. As at the Latest Practicable Date, we have expended approximately THB 566.9 million on this project.

We began construction in September 2020 and expect to commence commercial production in the third quarter of 2021 for some production lines and complete construction of all eight production lines around the second quarter of 2022.

- **Construction of Anvar Factory**

We plan to construct a new factory on vacant land that we own in Sumnakkham District, Songkhla Province. The area is designated as a special economic zone (SEZ) by the BOI and our Company will receive fiscal incentives, such as tax benefits, for investing in the area. The new factory, when fully constructed, will have an installed capacity of approximately 7.2 billion pieces of rubber gloves per year and be able to produce both powder-free natural rubber gloves and nitrile gloves. We expect that the capital expenditure required for this project (including the cost of land) will be approximately THB 4.2 billion over a four-year period from 2020 to 2023. We intend to finance this project using long-term bank borrowings, the proceeds of our Thai IPO, and/or internally generated cash flows. As at the Latest Practicable Date, we have expended approximately THB 1,233.9 million on this project.

We began construction in November 2020 and expect to commence commercial production in the first quarter of 2022 for some production lines and complete construction of all 20 production lines around the first quarter of 2023.

- **Construction of Chumphon Factory**

We plan to construct a new factory on vacant land that we own in Pathiew District, Chumphon Province. The new factory, when fully constructed, will have an installed capacity of approximately 13.0 billion pieces of rubber gloves per year and be able to produce both powder-free natural rubber gloves and nitrile gloves. We expect that the capital expenditure required for this project (including the cost of land) will be approximately THB 7.3 billion over a three-year period from 2021 to 2023. We intend to finance this project using the proceeds of our Thai IPO and internally generated cash flows. As at the Latest Practicable Date, we have expended approximately THB 850.7 million on this project.

We began construction in January 2021 and expect to commence commercial production in the first quarter of 2022 for some production lines and complete construction of all 36 production lines around the fourth quarter of 2023.

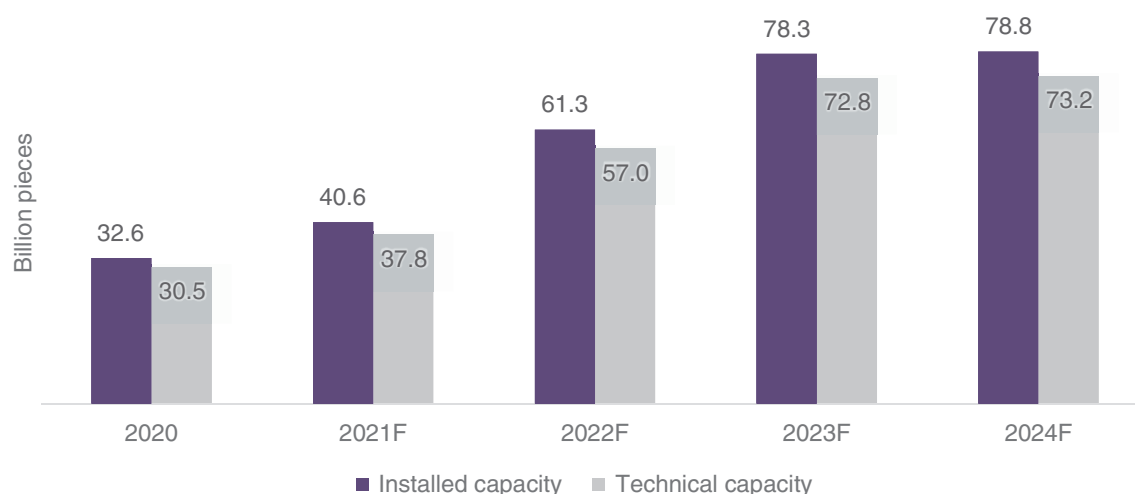
- **Expansion of Trang Factory**

We plan to expand the installed capacity of our Trang factory by approximately 16.7 billion additional pieces of rubber gloves per year by expanding the current facility as well as building a new facility which will be able to produce powdered natural rubber gloves, powder-free natural rubber gloves, and nitrile gloves. We expect that the capital expenditure required for this project (including the cost of land) will be approximately THB 8.7 billion over a three-year period from 2021 to 2023. We intend to finance this project using the proceeds of our Thai IPO, long-term bank borrowings, and/or internally generated cash flows. As at the Latest Practicable Date, we have expended approximately THB 351.9 million on this project.

We began construction in February 2021 and expect to commence commercial production in the fourth quarter of 2021 for some production lines and complete construction of all 48 production lines in the fourth quarter of 2023.

The abovementioned projects are, in each case, subject to change depending on factors such as governmental rules and regulations and general business and financial conditions, among other factors. Our Company may in each case decide to invest in a different location or vary the amount of the investment or the targeted production capacity. See also “*Notice to Investors – Forward-looking Statements*”.

The chart below sets out our estimated total installed and technical capacity as at the end of years 2020 to 2024 upon the completion of the abovementioned projects which have been approved by our Board.



Maintain our primary focus on natural rubber glove production while also maintaining an optimal level of nitrile glove production

Our business model focuses primarily on the production and distribution of natural rubber gloves while also maintaining an optimal level of nitrile glove production, as we have several advantages in the natural rubber glove segment over our major competitors in the rubber glove industry. These advantages include: (a) cost advantages from being strategically located in key rubber plantation sites in Thailand, resulting in our cost of concentrated latex being lower than that of our competitors; (b) competitive advantages in manufacturing and distributing natural rubber gloves as we have continuously focused on expanding our natural rubber glove production capacity, whereas the other major rubber glove manufacturers in the region have mostly focused on expanding their nitrile glove production capacity; and (c) advantages of procuring concentrated latex from our Controlling Shareholder, the STA Group, being the leading operator of the upstream and midstream of natural rubber businesses. Through this supply arrangement, we have secured a continuing supply of high quality concentrated latex at the specifications we require.

Besides focusing on expanding the production capacity of natural rubber gloves, we plan to design production lines that offer flexibility to transit between the production of powder-free natural rubber gloves and the production of nitrile gloves, in order to meet the diverse needs of our global customers in respect of rubber gloves.

Effectively manage costs across our business

One of our key strategies is the effective management of production costs as this is the main factor that affects our profitability. We continually look for ways to optimise production and reduce costs, including automating our production process to reduce human labour.

We also manage costs by diversifying our suppliers of raw materials. This allows us to compare prices and increase our bargaining power. We have also developed rubber gloves with specifications that can be used for a wide range of applications and markets, which has reduced downtime and other relevant costs associated with producing a variety of rubber glove products.

Our three factories are located in the southern region of Thailand, an important rubber production and processing region in Thailand. Our Hat Yai and Surat Thani factories are located in close proximity to the STA Group's concentrated latex factories which supply concentrated latex to us, thereby reducing our transportation costs and raw materials storage costs. In addition, our three factories are also located in close proximity to the local ports, which further reduces our transportation costs.

Expand our presence in existing and new markets by adding distribution channels, especially in high-growth countries

We aim to continue our expansion into emerging markets, including Asia Pacific, Africa and South America, in order to increase our global market position. We focus on expanding into these markets as we expect them to be bolstered by the following conditions:

- (a) significant potential for growth in consumption, as there is a relatively low per capita consumption of rubber gloves as compared to developed markets;
- (b) improved access to healthcare services in these economies, which will drive healthcare expenditure and demand for rubber gloves;
- (c) per capita GDP growth rates have outperformed those of the developed economies, which will continue to raise disposable income and increase demand for our rubber gloves; and

- (d) the predominant use of natural rubber gloves, our primary product segment, in the emerging markets as such gloves meet their intended use and are cheaper than nitrile gloves.

To execute our expansion strategy, our marketing team will continue to formulate marketing plans and select a variety of marketing methods suitable to each target country group. For example, our sales staff have established direct contact with prospective customers, developed local distribution platforms in key markets, collaborated with customers in developing and designing products, participated in exhibitions or relied on word of mouth marketing.

We also aim to enhance our existing presence in developed markets such as the United States, Europe and Japan, which have large customer bases and high rates of rubber glove usage. We have developed additional distribution channels to expand our market share in these key markets, including the distribution of rubber gloves via various online platforms. We also continue to adopt strict quality control measures so as to consistently meet the specifications required by these customers.

Increase the proportion of our owned trademarks products as well as expand our business to a new base of customers

We produce high quality products both under OEM as well as under our Group's trademarks. Our products are distributed through a variety of channels in different markets, including distribution through our own distribution platforms, through agents, dealers as well as directly to private and government hospitals in various countries. We aim to increase the proportion of our owned trademarks products from 14.5%, 15.8% and 19.8% in FY2018, FY2019 and FY2020, respectively, to 50.0% within the next three years. In addition to promoting the products under our trademarks, selling more products under our owned trademarks will also reduce costs due to reduced complexity of production and packaging arrangements.

In addition, the ongoing COVID-19 pandemic has resulted in high demand for rubber gloves not just for medical use, but also for non-medical purposes in other industries and daily life. We believe that demand for rubber gloves in non-medical segments will increase substantially and sustainably. We therefore intend to extend our base of customers to non-medical segments in the future.

CORPORATE INFORMATION

Our registered head office is No. 110 Kanjanavanit Road, Pahtong Sub-district, Hat Yai District, Songkhla 90230, Thailand and our principal place of business is 17th Floor, Park Venture Ecoplex Unit 1701, 1707-1712 57 Wireless Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330, Thailand. Our telephone number and facsimile numbers are +66 2207 4500 and +66 2254 2520 respectively, and our corporate e-mail address is stgt_ir@sriranggroup.com.

Investor inquiries should be directed to us at the address and telephone number of our principal office set forth above. Our website address is <https://www.sriranggloves.com>. The information contained in our website or any website directly or indirectly linked to such website or the websites of any of our related corporations or other entities in which we may have an interest does not constitute part of and is not incorporated by reference in this Introductory Document and should not be relied on as such.

SUMMARY OF THE INTRODUCTION

Our Company

Sri Trang Gloves (Thailand) Public Company Limited, a public limited company incorporated under the laws of Thailand.

Our Shares have been primary listed on the SET under the symbol “STGT” since 2 July 2020.

Listing on the SGX-ST

An application has been made to the SGX-ST for permission to list all our issued Shares on the Main Board of the SGX-ST. Such permission will be granted when we have been admitted to the Official List of the SGX-ST.

Trading on the SGX-ST

Our Shares will, upon their listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of CDP. Dealing in and quotation of our Shares will be in Singapore dollars. Our Shares will be traded in board lot sizes of 100 Shares.

Voting Rights

Shareholders may vote on all matters submitted to a vote of Shareholders, except as may otherwise be required by law. See “*Description of Share Capital*”. However, the ability of CDP Depositors to vote at shareholders’ meetings will be limited. See “*Description of Share Capital – Summary of Selected Provisions of our Articles of Association – Voting Rights*” and “*Clearance and Settlement – Voting Instructions*”.

Dividends

Our policy is to pay a dividend of at least 50.0% of net profit based on our Company’s separate financial statements for each financial year, after deductions of corporate income tax and allocation of all types of reserves in accordance with our Articles of Association and applicable laws. See “*Dividend Policy*” for a description of our dividend policy.

Dividends in respect of our Shares are subject to Thai withholding tax at a rate of 10.0% or lower subject to BOI tax exemption when paid to either non-resident corporate investors or non-resident individual investors. Cash dividends (if any) will be paid in Baht.

Shareholders whose Shares are held through CDP will receive their dividends through CDP in Singapore dollars. We will make the necessary arrangements to convert the dividends in Baht into the Singapore dollar equivalent at the prevailing exchange rate obtained by us on the relevant date for onward distribution to CDP and CDP’s onward distribution to entitled Shareholders.

Share Capital

As at the Latest Practicable Date, our registered and authorised capital is THB 1,434,780,000 and our issued and paid-up capital is THB 1,428,780,000 divided into 2,857,560,000 Shares. All our 2,857,560,000 issued Shares are currently listed on the SET. We have only one class of shares, being the Shares.

Market Capitalisation

The Company has a market capitalisation of approximately THB 123.6 billion (approximately S\$5.2 billion) as of the Latest Practicable Date.

Risk Factors

Prospective investors should carefully consider certain risks connected with an investment in our Shares, as discussed in “*Risk Factors*”.

OUR LISTING ON THE SGX-ST

Upon admission to the Official List of the SGX-ST, we will have a dual listing on both the SGX-ST and the SET, with the SET being the primary exchange on which our Shares are traded and the SGX-ST being the secondary exchange. As the SET is the primary exchange on which our Shares are traded, we are subject to and are required to comply with the SEC Act and relevant regulations and notifications issued by the Thai SEC and the SET.

An eligibility-to-list letter has been obtained from the SGX-ST for the listing and quotation of all our issued Shares on the SGX-ST, subject to, among others, the following conditions:

- (a) compliance with the SGX-ST's listing requirements;
- (b) our Company maintaining our primary listing of our Shares on the SET;
- (c) pre-quotation disclosure of information required by the SGX-ST (which was conveyed to our Company prior to issuance of the Introductory Document);
- (d) our Company confirming that our memorandum and articles of association (incorporating all amendments to date) has been filed with the SET;
- (e) our Company undertaking to comply with the following requirements as set out in Rule 217 of the Listing Manual to:
 - (i) release all information and documents in English to the SGX-ST at the same time as they are released on the SET;
 - (ii) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the home exchange; and
 - (iii) comply with such other listing rules as may be applied by the SGX-ST from time to time (whether before or after listing);
- (f) our Company undertaking to make an announcement via SGXNET as soon as there is a change in the law of our Company's place of incorporation which may affect or change shareholders' rights or obligations over its securities, including:
 - (i) right to attend, speak, vote at shareholders' meetings and the right to appoint proxies;
 - (ii) right to receive rights offering and any other entitlements;
 - (iii) withholding taxes on its securities;
 - (iv) stamp duties on its securities;
 - (v) substantial shareholder reporting requirements for its securities;
 - (vi) foreign shareholding limits on the securities;
 - (vii) capital controls over cash dividends or other cash distributions payable in respect of its securities; and
 - (viii) obligations to file documents or make declarations in respect of its securities;
- (g) our Company undertaking that in the event for a need for trading halt or suspension in our Shares, our Company would request for a trading halt or suspension on all exchanges at the same time; and

- (h) written confirmations from the Issue Manager and our Company that arrangements satisfactory to the SGX-ST are in place to ensure:
 - (i) orderly trading in the market when trading begins in our Company's Shares in Singapore; and
 - (ii) timely settlement of trades, including but not limited to, procedures for the deposit, withdrawal and registration of our Company's Shares in Singapore.

We have obtained from the SGX-ST a waiver from compliance with the following rules under the Listing Manual:

- (a) Rule 210(5)(a) of the Listing Manual which requires, among others, that a director who has no prior experience as a director of an issuer listed on SGX-ST must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. The waiver was sought on the basis that following the Introduction, pursuant to Rule 217 of the Listing Manual, our Company would not need to comply with the Listing Manual (except for such Listing Rules as may be applied by the SGX-ST from time to time), accordingly, the Company would not have an obligation to comply with Listing Rule 210(5)(a) on an ongoing basis;
- (b) Rule 221 of the Listing Manual which requires a foreign issuer seeking admission to the Official List of the SGX-ST to have at least two independent directors who are resident in Singapore. The waiver was sought on the basis that: (i) our Non-executive Director, Dr. Viyavood Sincharoenkul, is a permanent resident of Singapore; (ii) our Controlling Shareholder, STA, has a significant presence in Singapore through its business operations in Singapore, which are principally undertaken by its wholly-owned Singapore-incorporated subsidiary, and its secondary listing on the SGX-ST; (iii) the appointment of a compliance advisory firm which is experienced in advising on compliance with the Listing Rules prior to listing; and (iv) following the Introduction, pursuant to Rule 217 of the Listing Manual, the Company need not comply with the Listing Manual (except for such Listing Rules as may be applied by the SGX-ST from time to time), accordingly, the Company need not comply with Listing Rule 221 on a continuing basis; and
- (c) Rule 211A(2) of the Listing Manual which requires the financial statements submitted with the listing application and future periodic financial reports to be reconciled to SFRS(I), or IFRS or US GAAP. The waiver was sought on the basis that it would not be meaningful to require the financial statements to be reconciled or restated to SFRS(I), IFRS or US GAAP as according to the TFRS roadmap published by the Thailand Federation of Accounting Professions, TFRS has substantially converged with IFRS. For the years ended 31 December 2018, 2019 and 2020 (the "**Relevant Period**"), there were some differences between TFRS and IFRS due to time lag in implementation and some local options on the transition to new TFRS, however, EY is of the opinion that no material adjustments are required to restate the financial statements in accordance with IFRS for the Relevant Period. Post-Introduction, the financial statements of our Company will not be reconciled or restated to SFRS(I), IFRS or US GAAP or audited in accordance with the SSA, ISA or US GAAS, as our Company will continue to comply with such requirements in relation to accounting and auditing standards applicable to our Company under the Thai periodic disclosure regulations. Subject to the Thai periodic disclosure regulations, it is currently expected that our Company's periodic financial reports will continue to be prepared in accordance with TFRS and audited in accordance with Thai Standards on Auditing.

We have appointed WongPartnership LLP as the compliance advisory firm and will seek the prior approval of the SGX-ST before a change of such appointment.

OBLIGATIONS UNDER THE SGX-ST LISTING MANUAL

As a foreign issuer with a secondary listing on the SGX-ST, pursuant to Rule 217 of the Listing Manual, upon the listing of our Shares on the SGX-ST, we will not be required to comply with the Listing Rules, provided that we undertake to:

- (a) release all information and documents in English to the SGX-ST at the same time as they are released to the home exchange;
- (b) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the home exchange; and
- (c) comply with such other Listing Rules as may be applied by the SGX-ST from time to time (whether before or after listing).

The Issue Manager has also sought certain clarifications from the SGX-ST and their response is as follows:

(a) Appointment of EY as our Company's Reporting Accountant

The SGX-ST has no comments on the appointment of EY to act as our Company's reporting accountant with respect to the secondary listing.

(b) Exemptions from the Fifth Schedule

The SGX-ST has no comments on our Company's compliance with Listing Rule 607, subject to disclosure in this Introductory Document on the reason(s) why our Company is unable to comply with the following disclosure requirements under the SFR: (i) Paragraphs 1(d)(ii), 3, 8 and 9 of Part 7; (ii) Paragraphs 1, 2, 3, 4 and 5 of Part 8; and (iii) Paragraph 2 of Part 9 of the Fifth Schedule.

INTRODUCTORY DOCUMENT DISCLOSURE

Pursuant to Rule 607 of the Listing Manual, we are required to comply with the prospectus disclosure requirements in the SFA. We are unable to comply with certain of the prospectus disclosure requirements under the Fifth Schedule to the SFR (the "**Fifth Schedule**"), as described below.

Information Relating to Interest in Shares

We have limited the disclosures on substantial shareholders of our Company, in particular, relating to: (a) the existence of family relationships among any of our Directors, Executive Officers and substantial shareholders as set out in "*Management and Corporate Governance – Directors and Executive Officers – Family Relationship*"; and (b) significant changes in the shareholding of our substantial shareholders as set out in "*Share Ownership – Significant Changes in Percentage of Ownership*", to STA, RBL, STH and Thai NVDR Co., Ltd. In respect of disclosure of the matters set out in "*General and Statutory Information – Material Background Information*", we have limited the controlling Shareholders to STA and STH.

In addition, for the purpose of disclosing the shareholding information in “*Share Ownership*”, we have not included the deemed interest of the relevant Shareholders under Section 4 of the SFA. We have provided the required disclosures in respect of share ownership pursuant to the Thai prospectus disclosure regulations and the Thai periodic disclosure regulations, which apply to our disclosures on the SET.

Consequently, we are unable to comply with paragraphs 1(d)(ii), 3 and 8 of Part 7 of the Fifth Schedule for reasons including the following:

- (a) in respect of disclosure on our substantial shareholders, our Company being a listed entity and with the reporting regime in Thailand, other than in respect of STA, RBL and STH, we may not be aware of any deemed substantial shareholders. In Thailand, the shareholding reporting obligation is for the direct shareholder to be disclosed and there is no requirement to disclose the beneficial owner or other controlling person(s) behind the entity;
- (b) in respect of disclosure on our controlling Shareholders, our Company being a listed entity and with the reporting regime in Thailand, other than in respect of STA and STH, we may not be aware of any deemed controlling shareholders. Furthermore, in the ordinary course, controlling shareholders of a listed entity are not obliged to respond to requests for information in a timely manner, or at all; and
- (c) in respect of disclosure of the deemed interest of our Shareholders, performing the deemed interest analysis and providing such disclosure would result in inconsistent disclosure with our disclosures on the SET, and may be confusing for investors.

Information Relating to Remuneration

We have included the disclosures in respect of Director and executive compensation pursuant to the Thai prospectus disclosure regulations and the Thai periodic disclosure regulations. As disclosed in “*Management and Corporate Governance – Compensation of Directors and Executive Officers*”, no bands have been provided but the actual dollar amount of directors’ fees (and other compensation) for each Director and total compensation, on aggregated basis, for Executive Officers as a group, have been provided.

We are unable to comply with paragraph 9 of Part 7 of the Fifth Schedule relating to remuneration for reasons including the following:

- (a) the SET is our home exchange and we are subject to disclosure requirements under the SET. We have complied with the Thai prospectus disclosure regulations in relation to our initial public offering on the SET and the Thai periodic disclosure regulations and the disclosures relating to remuneration of our Directors and Executive Officers have been updated, where applicable, in this Introductory Document; and
- (b) there would be commercial sensitivities in respect of disclosure of such remuneration in current highly competitive market, where the glove industry is facing high demand and competitors are ramping up production, which may put our Company in a disadvantage as compared to our competitors in terms of attracting and retaining executives, considering that our competitors in Thailand are not required to provide disclosures to the same level of detail.

Information Relating to Interested Person Transactions and Conflict of Interests

We have included required disclosures in respect of connected transactions pursuant to the Thai prospectus disclosure regulations and the Thai periodic disclosure regulations, as set out in “*Connected Transactions and Potential Conflicts of Interests*”. We are unable to comply with paragraphs 1, 2, 3 and 4 of Part 8 of the Fifth Schedule, relating to interested person transactions, for reasons including the following:

- (a) the SET is our home exchange and we are subject to disclosure requirements under the SET. We have complied with the Thai prospectus disclosure regulations in relation to our initial public offering on the SET and the Thai periodic disclosure regulations and the disclosures relating to connected transactions have been updated, where applicable, in this Introductory Document;
- (b) there would be hardship in providing the information in compliance with the SFR requirements, as our Company would have to meet a level of disclosure that is different from and in some aspects higher than that required by our home exchange;
- (c) it would be confusing to investors if the disclosure in this Introductory Document complied with the Fifth Schedule whereas moving forward, the disclosures on such transactions would instead comply with the Thai framework as required by the regulations of the SET as we would not be subject to the ongoing listing obligations relating to interested person transactions under Chapter 9 of the Listing Manual; and
- (d) it would be unduly onerous for our Company to have to familiarise itself with the Singapore framework for interested person transactions and run a fresh analysis of all connected transactions for the full Relevant Period.

In respect of the disclosures on conflicts of interest set out in “*Connected Transactions and Potential Conflicts of Interests – Potential Conflicts of Interests*”, we have limited the controlling Shareholders to STA and STH. As such, we are unable to comply with paragraph 5 of Part 8 of the Fifth Schedule for the reasons discussed above in “*Information Relating to Interest in Shares*”.

Information Relating to our Consolidated Financial Statements

In accordance with TFRS, we have not included PSE and PS, which were acquired in January 2021, in our consolidated financial statements for the Relevant Period as set out in Appendix A and B to this Introductory Document. Consequently, we are unable to comply with paragraph 2 of Part 9 of the Fifth Schedule, for reasons including the following:

- (a) pursuant to TFRS, the acquisition of PS and PSE should not be consolidated in the financial statements of the Group for the Relevant Period;
- (b) the requirements under the Thai periodic disclosure regulations are for the consolidation of subsidiary financial statements to be determined by TFRS; and
- (c) the Company’s audited financial statements for FY2020 has been announced on the SET without disclosing the financial statements of PSE and PS and setting out financial statements of our Group which differ from our reported financial statements in Thailand could be confusing to the market and investors.

RISK FACTORS

An investment in our Shares involves risk. Prospective investors should rely on their own evaluation and carefully consider the following risk factors, in addition to other information contained elsewhere in this Introductory Document, before investing in our Shares. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the following risks and other factors elsewhere in this Introductory Document. If any of the risks described herein actually occur, our performance, prospects, financial condition, results of operations and ability to make dividend payments could be negatively affected, the trading price of our Shares, if any, could decline and investors may lose all or part of their investment.

Unless quantified in the relevant risk factors set out herein, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Potential investors should pay particular attention to the fact that we are governed in jurisdictions such as Thailand, the US, and the PRC by a legal, regulatory and business environment which in some material respects may be different from that which prevails in Singapore and other countries. In addition, the following risk factors may not be exhaustive, and additional risks and uncertainties not presently known to us or which are currently deemed to be immaterial may become material in the future, which could have a material adverse effect on our performance, prospects, financial condition, results of operations and ability to make dividend payments or the trading price of our Shares, if any. Prospective investors should be aware that the price of our Shares may fluctuate. Investors should also note that they may not recoup all or any portion of their original investment.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We may not be able to pass on increases in raw materials costs to our customers in a timely manner.

The primary raw materials used in our production facilities are concentrated latex produced from natural rubber latex, which we use in the production of both powdered and powder-free natural rubber gloves, and synthetic latex, which we use in the production of nitrile gloves. For the years ended 31 December 2018, 2019 and 2020, we incurred an aggregate of THB 4,048.7 million, THB 4,228.4 million and THB 6,780.5 million, respectively, for the purchase of concentrated latex and synthetic latex, representing 44.1%, 40.1% and 49.8% of our total cost of sales for the respective years.

The supply and price of concentrated latex is directly correlated to the supply and price of natural rubber latex. Natural rubber latex is a commodity and its price is susceptible to fluctuation due to factors beyond our control. Factors which affect market demand and supply for natural rubber latex include general economic conditions, the production output of key rubber producing countries, the demand for natural rubber latex from other industries such as the tyre industry, and government intervention. The price of natural rubber latex is also affected by market speculation. Between 1 January 2018 and the Latest Practicable Date, the reference price of concentrated latex of 60.0% dry rubber content listed on the Malaysian Rubber Exchange fluctuated between a high of RM 7.52 per kg as of 2 November 2020 and a low of RM 3.66 per kg as of 28 November 2018³.

³ Source: Bloomberg L.P. Bloomberg L.P. has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such information.

Synthetic latex is the other main raw material used by us, for the production of our nitrile gloves. It is a by-product of petroleum refining and natural gas separation processes. Therefore, the supply and price of synthetic latex often fluctuates depending on the demand and supply of crude oil and natural gas in the world market. Factors which could impact the price of synthetic latex include, without limitation: (a) political conditions in crude oil producing regions, in particular major crude oil producing countries; (b) demand for petroleum products and natural gas, which affect the volume of oil refining and natural gas separation; (c) government regulations; and (d) any shutdown or work stoppage by major oil refineries or natural gas separation plants. The prices of crude oil and natural gas, as well as natural rubber, are also affected by market speculation. Between 1 January 2018 and the Latest Practicable Date, the price of synthetic latex has fluctuated: the Southeast Asia Butadiene Olefins CFR Spot Price “FINSBSEA” index, which measures the price movements of styrene butadiene in Southeast Asian countries, recorded a high of US\$1,745.00 per metric ton as of 1 June 2018 and a low of US\$245.00 per metric ton as of 15 May 2020³. In addition, the US Gulf Acrylonitrile Price “POLIACUG” index, which measures the price movements of acrylonitrile in the US, recorded a high of US\$2,995.0 per short ton as of 19 March 2021 and 26 March 2021 and a low of US\$780.00 per short ton as of 8 May 2020⁴.

Fluctuations in the prices of our main raw materials may result in significant increases to our costs of production, which may in turn lead to significant pressure on our working capital. We may not be able to pass on increases in our costs to our customers or negotiate commercial terms with our customers in response to fluctuations in the prices of our main raw materials in a timely manner, or at all. Hence, fluctuations in the prices of our raw materials could have a material negative impact on our business, cash flows, financial position, results of operations and prospects.

We face the risk of raw materials supply shortage and difficulty in ensuring continued supply of quality raw materials.

We currently procure substantially all of our supply of concentrated latex from companies within the STA Group, namely STA, RBL and NHR. We have entered into a concentrated latex purchase agreement with these suppliers (the “**Concentrated Latex Purchase Agreement**”) for the supply of concentrated latex to us. The Concentrated Latex Purchase Agreement is for an initial term of three years from 28 June 2019 and thereafter is automatically renewed on a yearly basis, unless the agreement is terminated by either party in accordance with the terms of the agreement. Under the terms of the Concentrated Latex Purchase Agreement, these suppliers are obliged to supply us with concentrated latex at the agreed specifications and in the quantities set out in our purchase orders. See “*Business – Major Suppliers*” for further details. However, there is a risk that these suppliers may be unable to comply with the terms of the Concentrated Latex Purchase Agreement or that we may require excess volumes of concentrated latex which they are not able to supply.

While there are many alternative suppliers of concentrated latex in southern Thailand where our factories are located, as well as in other regions of Thailand, and our Company has continued to maintain relationships with a few such alternative suppliers through small-volume orders, there is no assurance that the Company will be able to obtain an alternative supply of concentrated latex from third party suppliers at prices, specifications and/or in the quantities required by our Company.

⁴ Source: Bloomberg L.P. Bloomberg L.P. has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such information.

We procure synthetic latex from several manufacturers. Synthetic latex is considered a commodity and is a by-product of petroleum refining and natural gas separation. Accordingly, the supply of synthetic latex in the market depends on the production capacities of petroleum refining plants and natural gas separation plants. The supply of synthetic latex in the market also depends on the demand for synthetic latex by major synthetic rubber glove manufacturers in the region as well as by other industries, which is beyond our control, and a shortage of synthetic latex in the world markets could adversely impact our ability to procure sufficient quantities of synthetic latex for our production.

Although we have not experienced any shortage of concentrated latex and synthetic latex in the past, there is no assurance that we will continue to be able to procure sufficient quantities of concentrated latex or synthetic latex (as the case may be) with the properties and quality we require from our existing suppliers, or find alternative suppliers within a reasonable period of time, or at all. A shortage of concentrated latex or synthetic latex (as the case may be) could in turn have a material adverse effect on our business, cash flows, financial position, results of operations and prospects.

Our industry is highly competitive and we face significant competition from major industry players and/or manufacturers of substitute products.

The business of manufacturing and distributing rubber gloves is highly competitive. We face competition from large manufacturers in the region and in markets where we export our products. See “*Business – Competition*” for further details. Our competitors may reduce the prices of their products if they have lower production costs and enough export volume to influence the market price of the product. In addition, the increase in production capacity and the introduction of new entrants to the rubber glove manufacturing industry, especially in the wake of the COVID-19 pandemic, could lead to oversupply which in turn puts a downward pressure on prices.

In respect of our natural rubber glove business segment, we have advantages over our competitors in procuring raw materials and lower transportation costs. We derive most of our revenue from sales of natural rubber gloves, which accounted for 59.2%, 62.3% and 59.8% of our gloves revenue for the years ended 31 December 2018, 2019 and 2020, respectively, as compared to sales of nitrile gloves, which accounted for 40.8%, 37.7% and 40.2% of our gloves revenue for the same periods. However, in respect of our nitrile glove business segment, we face significant competition from other major nitrile glove manufacturers who are constantly developing new nitrile glove products to replace natural rubber gloves. In addition, our competitors are constantly improving their manufacturing capabilities to significantly reduce their costs of producing nitrile gloves. Nitrile gloves are now widely used as they are resistant to petroleum and other hydrocarbon solvents. They are also used as a replacement for natural rubber gloves, especially by those who are allergic to the protein found in natural rubber gloves. Therefore, there is a risk that we may not be able to maintain our competitiveness in the production of nitrile gloves. Sales of our natural rubber gloves could also decrease due to an increase in the use of alternative products. In any of such events, our business, cash flows, financial position, results of operations and prospects could be materially and adversely affected.

There is no assurance that the current heightened levels of demand for our medical gloves will persist in the future and a mismatch between expected demand and actual demand may lead to a supply glut.

The ongoing COVID-19 pandemic has resulted in unprecedented global demand for personal protective equipment, including medical gloves. In response, existing rubber glove manufacturers, including our Company, have ramped up production and/or are making significant capital investments to expand production capacities to meet the surge in demand, while new entrants have also entered the rubber glove manufacturing industry.

However, there is no assurance that the current heightened levels of demand will persist in the coming years or that we will be able to maintain current levels of profitability. In December 2020, the US Food and Drug Administration issued the first emergency use authorisation for a vaccine for the prevention of COVID-19 and since then, various countries have rolled out nationwide COVID-19 vaccination programmes. In the event that the COVID-19 pandemic is brought under control whether as a result of widespread vaccine deployment or other reasons, there is no assurance that demand for medical gloves will persist at current levels. A fall in demand, coupled with increases in supply due to increased production capacities and new entrants, could lead to a supply glut and drive down selling prices, which could in turn materially and adversely impact our financial condition, results of operations and prospects.

We rely on the STA Group and third party key suppliers for our supply of concentrated latex, synthetic latex and other raw materials and services.

We procure substantially all of our concentrated latex, which is the main raw material required for our production of natural rubber gloves, from companies in the STA Group, namely STA, RBL and NHR, and a significant portion of our synthetic latex from a third party supplier. In addition, we procure firewood, which we rely on as a fuel source for our production facilities, from ANV. See “*Business – Major Suppliers*” for further details. While we have not experienced any material shortage or disruption in supply in the past, in the event that these suppliers are not able to supply concentrated latex, synthetic latex and/or firewood to us in the quantities or at the quality that we require, we may not be able to procure sufficient quantities of concentrated latex, synthetic latex and/or firewood from alternative suppliers at commercially acceptable terms in a timely manner, or at all. We may also incur additional costs arising from increased shipping or other costs should we be required to procure raw materials from alternative sources, as we currently benefit from our factories being located in close proximity to the STA Group’s natural rubber plants.

We also rely on the STA Group for the provision of other services, such as product transportation and delivery, office space services and administrative services. While we have not encountered any material disruptions in the provision of such services by the STA Group, in the event that the STA Group is not able to provide such services to us and we are unable to find a replacement service provider in a timely manner, or at all, our business and performance may be materially and adversely affected.

Our business is labour intensive and we are exposed to risks related to labour shortage and labour disputes.

We require manual labour for certain of our production processes which are not automated, such as quality control and packing. In particular, we rely on a large number of foreign workers to meet our operational needs and such foreign workers represented 44.6%, 43.9% and 39.6% of our total employees as of 31 December 2018, 2019 and 2020, respectively. Any changes in the policies of the foreign workers’ countries of origin or any restrictions in Thailand, where we operate, may affect the supply of foreign labour and cause disruptions to our business operations. In particular, we are required to comply with the minimum wage imposed by the Thai government, and any increases to minimum wage would cause our costs to rise correspondingly. Also, government policies regarding the employment of foreign workers may become more stringent in the future. In the event that the number of foreign workers that we can employ is reduced and/or we are required to turn to alternative sources of labour, which may be more expensive, our financial performance may be adversely affected.

Our operations are dependent on our ability to retain and recruit sufficient workers. While we have not encountered instances of labour shortages, work stoppages or labour unrest or disputes in the past, there is no assurance that such events will not occur in the future. In the event that we face labour shortages, work stoppages or labour unrest or disputes, we may not be able to resolve these issues in a timely manner, or at all, and our operations may be materially and adversely affected as a result.

Utility shortages could materially disrupt our manufacturing operations and significant increases in the price of utilities could materially adversely affect our results of operations.

Utilities that are essential to our manufacturing operations include electricity, thermal energy generated from the burning of woodchips and water. We procure such utilities from a number of sources, including purchasing from utility providers as well as generating our own (such as generating our own thermal energy through the burning of woodchips). In the event of a utility shortage or if we are not able to procure utilities for use in our manufacturing processes for any reason, including due to a drought, lack of groundwater or failure of or inefficiencies in our electrical systems or wastewater treatment systems, we may have to reduce our production output or stop production completely or we may face increased utility costs. While we have not encountered instances of material utility shortages in the past, there is no assurance that such events will not occur and materially and adversely impact our business, financial position and results of operations.

We rely on third party distributors for most of our distribution.

We currently have two main distribution channels, namely: (a) distribution under our trademarks; and (b) distribution through distributors for products manufactured under third party labels as an OEM, especially for our products sold outside of Thailand. We derive most of our revenue from OEM sales. For the years ended 31 December 2018, 2019 and 2020, revenue from OEM sales accounted for 85.5%, 84.2% and 80.2%, respectively, of our gloves revenue.

If the third party distributors of our products cut back on distributing our products or cease to distribute our products altogether and we are unable to find replacement distributors in a timely manner, we may not be able to sell our products in certain foreign markets and we may lose market share. While we have not in the past experienced such instances of material disruption in distribution, there can be no assurance that these events will not occur and have a material adverse impact on our business, cash flows, financial position, results of operations and prospects.

We are exposed to credit risk of our customers.

We extend trade credit to a majority of our customers for terms generally up to 60 days, depending on factors including, among others, the customer's credit rating, payment history and the length of their relationship with us. For certain customers whom we assess to be of high risk, we may require a letter of guarantee from a commercial bank, an advance deposit and/or a letter of credit. In each case, our management team evaluates the circumstances of the particular customer before granting credit accordingly. As at 31 December 2018, 2019 and 2020, our trade receivables amounted to THB 1,545.6 million, THB 1,500.2 million and THB 4,752.6 million, respectively. Our average trade receivables turnover days for the years ended 31 December 2018, 2019 and 2020 were 47.7 days, 45.8 days and 37.1 days, respectively.

While we have not in the past experienced any significant credit issues with our customers, there is no assurance that our customers will meet their payment obligations to us on time, in full or at all. In the event that we are not able to collect our trade receivables fully or within a reasonable period of time or at all, our financial position, results of operations and cash flows could be adversely affected.

Our insurance coverage may be inadequate to cover potential liabilities or losses.

We are exposed to various risks arising from our business operations, including without limitation the risk of explosion, fire, natural disasters, machinery or equipment failure, improper installation and accidents. These risks could cause injury, death or damage or destruction to property, which may result in our operations being suspended or disrupted. We may also face civil and/or criminal penalties arising from any such incidents.

We maintain various insurance policies covering, among others, property damage, business interruption, and public and product liability. See “*Business – Insurance*” for further information on our existing insurance coverage. However, we cannot assure you that our insurance coverage will be sufficient to cover all potential losses and risks arising from our business operations. There is a risk that we may be subject to liabilities that are not adequately insured, or at all, or liabilities that cannot be insured. Our insurance policies may not cover certain types of losses, or the amount insured may be insufficient to cover the amount of the loss. In addition, there is no assurance that we will be able to continue to maintain our existing insurance coverage should premiums increase significantly. In the event that our insurance coverage is insufficient to cover liabilities or losses arising from our business operations, our business, financial condition and operating results could be materially and adversely affected.

The outbreak of a contagious disease, epidemic or other serious public health crisis may result in disruptions to our business operations.

The outbreak of H1N1 influenza, H5N1 influenza, Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome (MERS), COVID-19 or other contagious disease or epidemic may severely hinder our business operations. If our employees or contract workers are at risk of infection or have contracted any such infections, we may be ordered to stop work by the relevant government agencies. We may also find it necessary to temporarily close our factories partially or completely, which may result in disruption to our business operations and inability to deliver products to our customers according to the agreed delivery schedule, which may have a material adverse effect on our profitability and financial position.

Our business operations may be disrupted as a result of natural disasters or other events beyond our control affecting us or our suppliers.

We may face disruptions to our production due to unforeseen factors beyond our control, including without limitation natural disasters, acts of God, fire, the outbreak of an epidemic or dangerous communicable disease, power outages, interruptions to telecommunication systems, terrorism and political instability. The occurrence of any of these events may disrupt our production, affect our suppliers’ ability to supply raw materials to us or cause a significant increase in our production costs, which may in turn materially and adversely affect our operating results and profitability and expose us to legal claims in the event we are unable to manufacture and deliver products in accordance with the delivery schedules agreed with our customers under our agreements with them. Further, while we maintain business interruption insurance, there is no assurance that we will be able to claim for all or any losses suffered as a result of any business interruption.

In 2010, we experienced heavy flooding at our Hat Yai factory, which resulted in our operations at that factory being halted for a total of 12 days. However, this incident did not result in any damage to our production lines. After the floods, we erected a water barrier around the factory and put in place measures to respond to future occurrences of flooding, including a flood response emergency plan. Since 2010, we have not experienced any flooding problems at any of our factories that have had a material impact on our business operations. However, there is no assurance that the measures we have put in place are fail-safe and, in the event of a future occurrence of flooding, our business, position and results of operations may be materially and adversely impacted.

Interruptions or breaches of our information technology systems may materially adversely affect our business.

We rely on information technology systems for many of our business operations, including enterprise resource planning systems. These systems form an important component of our business and strategy for future growth, and serious interruptions to these systems may adversely affect our ability to operate our business efficiently. Our information technology systems may be disrupted or damaged by power failures, natural disasters, network failures, computer system failures, interruptions of telecommunication services, security breaches, computer viruses, cyberattacks and other security issues which may result in the loss of physical or electronic data, which may include sensitive and confidential information, or disruptions to our business operations. Although we have a data backup system in place, and have not in the past experienced any breach, interruption or failure of our information technology systems which had a material adverse effect on our business and operating results, there is no assurance that such breaches, interruptions or failures will not occur.

We are subject to risks associated with technological changes and advancements in materials technology.

Our business is susceptible to changes in technology. With the advancement of technology and continuous R&D being conducted and innovation occurring in the manufacturing industry, new manufacturing techniques for our products may emerge. Potential competitors may in the future develop or adopt cheaper or quicker methods of production, or alternative and cheaper raw materials, resulting in lower cost of production per unit to them, and there is no assurance that we will be able to keep pace with such technological changes. While we invest in R&D (see “*Business – Research and Development*”), there is no assurance that we will be able to adapt to newer and more efficient manufacturing techniques and/or maintain our competitive position against other rubber glove manufacturers. In the event that we are unable to adapt to technological changes and advancement in material technology, we may lose our competitiveness, and our business, profitability and financial position may be materially and adversely affected.

We are subject to governmental regulation, including licensing requirements, and certain certification requirements of our customers in respect of our operations.

The business operations of our Group are subject to the supervision and licensing requirements of various regulatory agencies in Thailand, the PRC, the US and elsewhere, including among others the Department of Industrial Works of the Ministry of Industry, the Ministry of Natural Resources and Environment, the Ministry of Public Health and the Food and Drug Administration of Thailand, and the food and drug regulatory authorities in other countries, and we are required under relevant regulations to hold certain licences and permits for the conduct of our business. Our customers also require us to have certain quality assurance certifications, such as ISO standards in respect of our production processes and/or products. See “*Business – Licences and Permits*”, “*Business – Quality Assurance and Certifications*” and “*Regulations*” for further details.

These licences and permits are generally subject to conditions which are either stipulated in the licence or permit or under relevant regulations. The grant and/or renewal of licences, permits or ISO certifications may be conditional on periodic inspections by relevant authorities to ensure that our licensed premises comply with all the relevant conditions and regulations. Any material non-compliance with the terms of any licences or permits or the relevant regulations may result in suspension, revocation or non-renewal of the relevant licences or permits or civil or criminal penalties being imposed against us.

In the ordinary course of business, we are required to continually renew the licences, permits and certifications required for our business and the renewal process may be subject to administrative lag. While we have not in the past failed to do so, there is no assurance that, upon the expiration of any of our licences, permits or certifications, we will be able to apply for or renew such licences, permits or certifications in a timely manner, or at all, or that we will be able to maintain or obtain all licences, permits or certifications necessary for our business operations in the future. Any failure to renew or obtain necessary licences, permits or certifications could result in a material and adverse impact to our business, financial position, results of operations and prospects.

We may be adversely affected by changes in governmental policies and rules affecting the use and sale of medical gloves.

Medical gloves are regulated as medical devices in most countries and we may be adversely affected by changes in governmental policies and rules affecting their use and sale. In December 2016, the US Food and Drug Administration imposed a ban, which took effect in January 2017, on the use and sale of powdered patient examination gloves and powdered surgeon's gloves in the US, determining that the public's exposure to the risks of powdered gloves was unreasonable and substantial in relation to their public health benefit when considering the benefits and risks posed by readily available non-powdered alternatives. While this did not have a material impact on our export sales to the US as most of our glove exports to the US were already of the non-powdered variety, there is no assurance that other countries will not impose a similar ban on powdered medical gloves in the future. In the event that similar bans are proposed in other countries which we currently sell powdered medical gloves to, our business and results of operations could be materially and adversely affected.

We may be affected by the suspension or revocation of trade preferences by countries to which we export.

We have exported our rubber gloves to more than 140 countries worldwide and derive a significant portion of our revenue from sales of our rubber gloves outside of Thailand. As of the Latest Practicable Date, medical gloves imported from Thailand qualify for duty-free treatment under the trade preference programmes of certain countries, including the US Generalised System of Preferences ("GSP"). However, preference granting countries may suspend or revoke trade preferences for various reasons. For example, in October 2019, the US announced revocations of GSP eligibility of certain products in respect of Thailand's GSP trade. In October 2020, the US announced further revocations of GSP eligibility of certain products in respect of Thailand's GSP trade, including non-medical general purpose gloves, effective 31 December 2020. For the years ended 31 December 2018, 2019 and 2020, rubber glove sales to the US contributed 17.6%, 16.3% and 22.5%, respectively, of our gloves revenue. While medical gloves remain eligible for duty-free treatment under the US GSP as at the Latest Practicable Date, and substantially all of our current sales into the US are medical gloves, there is no assurance that this will continue to be the case. To the extent that our products sold into the US are subject to tariffs, while we may pass on such tariff to our customers, depending on market demand, it may not always be possible to do so. In the event that preference granting countries suspend or revoke trade preferences for our products, our price competitiveness and results of operations may be materially and adversely affected.

We are subject to environmental laws and regulations and face compliance costs and risks.

Our factories are located in Thailand and we are subject to the relevant environmental laws and regulations of the Thai government and local authorities with respect to our manufacturing operations. These laws and regulations require us to adopt measures and controls in respect of wastewater discharge, emissions of air pollutants, waste disposal and management, occupational health and safety and management of hazardous substances. While we have installed and adopted measures to control the disposal of hazardous waste materials to reduce the environmental impact, there is no assurance that these measures will be sufficient in the future.

While we have not had any instances of violation of environmental laws or regulations in the past, there is no assurance that such violations would not arise in the future and expose us to fines or, in some cases, penalties that include the possibility of licence revocation or the temporary or permanent closure of our factory, which could have a material and adverse impact on our business, results of operations, prospects and reputation. Moreover, environmental laws and regulations tend to be complex and frequently revised and the interpretation of such laws and regulations is constantly changing, resulting in uncertainty and making it difficult to predict the effect of such laws and regulations on our business and operations. Environmental laws and regulations are becoming increasingly more stringent globally and this may result in increased costs of compliance for us, including costs in obtaining and maintaining compliance with required licences. We may not be able to pass on such costs to customers, which may have a material effect on our profitability.

We may be restricted by antitrust and competition laws.

We are subject to the laws and regulations governing antitrust and competition matters. The Trade Competition Act B.E. 2560 (2017) in Thailand (the “**Trade Competition Act**”) establishes rules governing, among others, mergers and acquisitions, whereby mergers and acquisitions which create a monopoly or a dominant position in a market require prior approval from the Trade Competition Commission (the “**TCC**”), and mergers and acquisitions which significantly reduce competition in the market require post-merger notification to the TCC. The Trade Competition Act also lays down important commercial conduct regulations, such as prohibitions on: (a) an abuse of a dominant market position; (b) a joint act of business operators tantamount to a monopoly or resulting in reduced or restricted trade competition; (c) unfair trade practices; and (d) agreements with foreign business operators that are unreasonable and which adversely affect the economy and consumers. Such provisions may impact our business operations.

A business operator with a “dominant market position” under the Trade Competition Act includes: (i) any business operator having a market share of 50.0% or more and having sales turnover amounting to one billion Baht or more in the past year; or (ii) any top three business operators having a combined market share of 75.0% or more and each having sales turnover of one billion Baht or more in the past year, but excluding a business operator having a market share of less than 10.0%.

When considering the aforementioned, there is a risk of our Company being classified as a business operator with a “dominant market position” in respect of our glove business, thereby subjecting our Company to a number of restrictions and requirements under the relevant laws and related requirements, such as obtaining approval from the TCC if we wish to acquire, sell or merge with other businesses in Thailand in the future, or in our compliance with the rules prohibiting abuse of dominant market position as well as the rules applicable to business operators in general. If the approval from the TCC is not received for any such merger, our Company could be subject to administrative fines at a rate of not more than 0.5% of the value of the merger transaction. If there is a breach of the regulations relating to an action which is deemed to be unfair or restricts competition, our Company could be subject to a fine of not more than 10.0% of the revenue in the year the offence was committed. If the commission of the offence resulted from an instruction, action or inaction of a director or management, such person would also be liable for the same penalty and in the case of abuse of a dominant market position or collusion as between competitors, such person would also face imprisonment of up to two years. As the Trade Competition Act came into effect only in October 2017, and its subsidiary legislation promulgated progressively thereafter, there are limited precedents in relation to how the laws are enforced. It is difficult to predict the impact of compliance therewith and enforcement thereof on our business operations in the future. Future laws and regulations, or any changes to current laws and regulations, or changes in the interpretation of such laws and regulations, may have a material adverse effect on our business, cash flow, financial position, results of operations and prospects.

If we are found guilty of an offence, we may be subject to penalties under the relevant laws. This may adversely affect our reputation and business operations.

We are dependent on the services of key management staff.

One of the key drivers for the growth of our Group has been our ability to attract and retain a team of experienced professional managers. See “*Management and Corporate Governance – Directors and Executive Officers*” for further details. Our continued success will depend on our ability to retain our key management and executives and to attract and train new managers. The in-depth knowledge, relevant experience and commitment of our key management and executives are instrumental to our development and growth. As such, any loss of members of our senior management team without satisfactory replacements will have an adverse impact on our business. In addition, the process of hiring new managers with the required combination of skills and attributes may be time-consuming and competitive. If we are unable to attract additional qualified persons to complement our expansion plans, our business 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.

We export most of our rubber gloves overseas and accordingly, a majority of our revenue is denominated in US dollar and Renminbi, while most of our costs, including raw materials costs, salary expenses and other production costs, are transacted in Baht. As a result, fluctuations in the exchange rates between the Baht, US dollar, Renminbi or other currencies could adversely affect our business, financial condition and results of operations. Further, fluctuations in the exchange rate between the US dollar and the Baht, when compared with the exchange rate between the US dollar and the Malaysian Ringgit, Indonesian Rupiah or Renminbi, could adversely affect our price competitiveness compared to other rubber glove manufacturers and distributors from Malaysia, the PRC and Indonesia.

We seek to mitigate foreign exchange risks by managing foreign currency income and expenditures in the same currency (natural hedge) as our purchases of synthetic latex, chemicals and various other raw materials are transacted in US dollars. For the years ended 31 December 2018, 2019 and 2020, our US dollar expenses were equivalent to 30.7%, 28.0% and 11.9%, respectively, of our US dollar revenue. To the extent that our sales, purchases and operating costs are not naturally matched in the same currency and there are timing differences between invoicing and collections or payment, we may be exposed to any adverse fluctuations of those currencies against the Baht. In addition, we are subject to translation risks as our financial statements are reported in Baht, while the financial statements of our foreign-incorporated subsidiaries are prepared in the respective foreign currencies of their domicile.

Further, we seek to mitigate foreign exchange risks using hedging instruments such as forward and options contracts to hedge our foreign exchange exposures arising from the sale of our products in currencies other than Baht. The availability and effectiveness of such hedges may be limited and we may not be able to hedge our foreign exchange exposures sufficiently, or at all. 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.

After September 2006, the Thai government imposed foreign exchange controls which required a relevant authorised agent to withhold 30.0% of the foreign currency to be sold or exchanged in reserve for a one-year period before returning the amount withheld without any interest thereon in respect of any sale or exchange of foreign currencies for Baht amounting to US\$20,000 or above (or its equivalent). These foreign exchange controls were repealed in March 2008. See “*Exchange Rates and Exchange Controls – Exchange Controls – Thailand*” for further information. There can be no assurance that the Thai government will not impose such foreign exchange controls or other capital controls in the future.

In addition, at present, the Renminbi is not freely convertible to other foreign currencies and, in certain cases, the remittance of currency out of the PRC is restricted. Foreign Investment Enterprises (“FIEs”) are required to complete the foreign exchange registration through a designated bank of SAFE, which allows an FIE to open foreign currency accounts for the payment of: (a) recurring items, including the distribution of dividends and profits after tax to foreign investors of the FIE upon presentation of board resolutions which authorise the distribution of profits or dividends (“**current account**”); and (b) capital items, such as repatriation of capital, repayment of loans and for securities investment (“**capital account**”).

Under existing PRC foreign exchange regulations, currency transactions within the scope of the current account, including profit distributions, interest payments and expenditures from trade-related transactions, can be effected without requiring the approval of SAFE by complying with certain procedural requirements, while the payment under capital account will require the approval of or registration with SAFE or its local branch or its designated banks. The restrictions on foreign exchange transactions under capital account could also affect the ability of our PRC subsidiary, SDME, to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us. SDME has completed the foreign exchange registration allowing it to convert Renminbi revenue into foreign currency and repatriate dividends and profits to our Company, subject to satisfying relevant requirements. However, there is no assurance that exchange controls in the PRC or elsewhere will not change. In the event that future changes in exchange controls place restrictions on the ability of our subsidiaries to remit dividend payments to our Company, our liquidity could be materially and adversely affected, which could in turn have a material adverse impact on our ability to satisfy our third party payment obligations and ability to distribute dividends to Shareholders.

We face risks associated with our loan facilities and the fluctuation of interest rates.

Our Company and our subsidiaries have from time to time entered into short-term and long-term financing arrangements with financial institutions to secure funds for our business operations and/or investments. Under the terms of such financing arrangements, we are subject to interest payment and loan repayment obligations, as well as restrictive covenants or other obligations which may include, among others, the maintenance of financial ratios, prohibition on the creation of encumbrances over our assets, restrictions on change of control, and minimum insurance coverage.

Our ability to secure loans or repay or refinance our debt obligations in a timely manner depends on our operating results and financial position at the relevant time, which are subject to prevailing market and economic conditions and various other factors, some of which may be beyond our control. There is no assurance that we will be able to maintain a level of cash flows from operating activities or financing activities that will be sufficient to pay or repay the principal, interest or other required payments on indebtedness.

Further, a majority of our loan facilities incur interest at floating interest rates. The interest rates which we are charged will expose our Group to risks associated with debt financing, including exposure to fluctuations in interest rates and insufficient cash flows to meet required payments of the principal amount and interest under such financing. A material increase in interest rates would increase borrowing and finance costs, which may in turn weaken our Group’s financial standing when seeking future financing for our expansion or other funding requirements.

Our Group will also be subject to the risk that our existing borrowings may be terminated by the financial institutions upon the occurrence of certain events (such as a breach of covenants, the failure to make interest payments and/or rectify any breach in the agreements) or we may not be able to refinance our existing borrowings or the terms of any refinancing will not be as favourable as the terms of our existing borrowings. This may adversely affect the business, results of operations, financial condition and prospects of our Group.

Our plans to expand production capacity are capital-intensive and we may require additional funding for future growth.

One of our growth strategies is to continually increase the production capacity of our factories. As at the Latest Practicable Date, we have a total installed capacity of approximately 33.3 billion pieces of gloves per year. We have long-term plans to expand our installed capacity to approximately 80 billion pieces per year by 2024 and aim to increase our installed capacity to approximately 100 billion pieces per year by 2026. To achieve this, it will be necessary for us to invest significant capital, and we may need to raise additional funds by way of debt or equity financing. Our ability to obtain such additional financing is dependent on a number of factors, including but not limited to market conditions, our results of operations and financial condition, the state of the capital and credit markets, and government regulations. There is no assurance that we will be able to obtain such financing on terms acceptable to us in a timely manner, or at all. If we are unable to secure the required funding, we may not be able to execute our growth strategy according to plan and our prospects could be materially and adversely affected as a result. Moreover, any issuance of equity securities could result in significant dilution to our existing Shareholders.

We may not continue to benefit from favourable government policies in respect of the rubber industry.

Our Company has benefited from favourable policies implemented by the Thai government aimed at supporting the domestic natural rubber industry, including encouraging greater use of natural rubber domestically and implementing mechanisms to stabilise prices and increase sustainability in the domestic rubber industry. Under a subsidy programme implemented by the Thai government to support production expansion of natural rubber product manufacturers, for loans from commercial banks taken to expand our production capacity, the Thai government will subsidise our interest payments for up to a rate of 3.0% per annum of the loan amount for a period of 10 years or until 2026, whichever is earlier, provided that our usage of natural rubber is in accordance with the conditions of the subsidy programme. In addition, as a manufacturer of medical gloves, we have been granted tax privileges by the BOI for various periods in connection with certain specified promoted operations, including corporate income tax exemption which reduces the corporate income tax rate from 20.0% to an effective rate of 9.7% on earnings before tax in FY2020 and exemption from import duty on machinery and essential raw materials. See “*Business – Tax Incentives*” for further details.

While the Thai government has continued to promote the domestic natural rubber industry, there is no assurance that the Thai government’s policies with respect to the natural rubber industry and the natural rubber glove industry currently in place will not be amended, cancelled or otherwise changed. Any change, amendments or cancellation to the existing policies may adversely affect our ability to successfully execute our business expansion plans within the planned budget, and our revenue generated may not meet our targets or we may face higher finance costs, resulting in lower than expected returns from the business expansion or loss of investment opportunities, which could in turn have a material adverse on our business, cash flows, financial position and results of operations.

We may not be able to successfully implement our growth strategies and returns on investment may not meet our expectations.

As part of our growth strategy, we intend to continually increase the production capacity of our factories to meet increasing demand in the domestic and international markets and maintain our competitiveness against other major regional rubber glove manufacturers and distributors. We also intend to explore opportunities to invest in the R&D of rubber glove products which are different from, or of better quality than, our existing products, and/or acquisition or merger opportunities with other businesses. However, there is no assurance that we will be able to

successfully execute our growth strategies within the planned budget and expected timeframe, or at all, or that our strategies will be commercially successful. In implementing our growth strategy, we also face other risks, including but not limited to the risk of not being able to obtain the required licence within a reasonable period of time, the risk of not being able to obtain the required funding at terms acceptable to us, and the risk of shortage of sufficiently skilled and qualified workers. We may not achieve revenue targets or we may face higher operating costs, resulting in lower than expected returns from the business expansion or loss of investment opportunities, which could in turn have a material adverse on our business, cash flows, financial position and results of operations.

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.

We have operations in countries including Thailand, the PRC and the US, and are subject to risks associated with our business activities in such countries. Our business, financial condition and results of operations and prospects may be materially and adversely affected by a variety of conditions and developments in such countries, including but not limited to the following:

- 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, including in the interpretation or enforcement of laws;
- changes in duties payable and taxation rates or governmental policies;
- 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 or prospects could be materially and adversely affected.

Risks Relating to Thailand

Non-enforceability of non-Thai judgments may limit your ability to recover damages from us.

Our Company is incorporated in Thailand. Most of our Directors and Executive Officers are residents of Thailand, and a substantial part of the assets of our Directors and Executive Officers are located in Thailand. As a result, you may not be able to effect service of process upon us or these persons outside Thailand or enforce against us or them judgments obtained in courts outside of Thailand.

Under Thai law, judgments entered into by any other non-Thai court are not enforceable in Thailand. In order to pursue a claim in Thailand against us or any Director or Executive Officer, an investor would have to bring a separate action or claim in Thailand. While a non-Thai judgment could be introduced as evidence in a court proceeding in Thailand, a Thai court would be free to examine anew issues arising in the case. Thus, to the extent investors succeed in bringing legal actions against us, their available remedies and any recovery in any Thai proceeding may be limited.

Most of our assets and operations are located in Thailand, and we are subject to the economic, political, legal and regulatory conditions, as well as possible policy changes, in Thailand.

Most of our operations and assets are located in Thailand. Consequently, we are exposed to the economic, political, legal and regulatory conditions in Thailand that differ in certain significant respects from those prevailing in other countries with more developed economies. Our results of operations and those of our major customers and major suppliers are influenced in part by the political situation in Thailand and the general state of the Thai economy.

Factors that may adversely affect the Thai economy, whether directly or indirectly, include the following:

- global economic conditions;
- political instability;
- exchange rate fluctuations and the exchange control policy of the Bank of Thailand;
- a prolonged period of inflation, deflation, economic stagnation or an increase in regional interest rates;
- changes in taxation;
- consumer confidence;
- the level of tourist arrivals and tourism spending;
- natural disasters, including tsunamis, earthquakes, fires, drought and similar events;
- flooding and other extreme weather conditions;
- a pandemic such as the COVID-19 outbreak or a potential recurrence or outbreak of avian influenza, severe acute respiratory syndrome or other infectious or contagious diseases in Thailand or the region;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the region;
- fluctuations in oil prices and other commodity prices;
- other regulatory, political or economic developments in or affecting Thailand; and
- recent and/or threatened terrorist activity or other instability in Thailand and the region.

Any downturn in the Thai economy may have a material adverse effect on our business, financial condition, results of operations and prospects.

The Thai government has frequently intervened in the domestic economy and has occasionally made significant changes in economic policy. The Thai government's actions to control inflation and implement other policies have included, among other things, wage and price controls, capital controls and limits on imports, at times partially reversing such policies soon after the new policies were announced. Our business, financial condition and results of operations could be materially adversely affected by changes in government policies involving exchange controls, tax policies and other matters.

Thailand has been subject to periods of political instability, and any renewed or continuous political violence or instability could materially and adversely affect our business, financial condition, results of operations and prospects.

Our business, financial condition, results of operations and prospects are significantly impacted by the political situation in Thailand, which has historically been subject to periods of instability, including political violence, contested elections and military coups.

On 22 May 2014, Thailand's Army Commander-in-Chief took control of Thailand's administration pursuant to the removal of the government then. The new administration subsequently announced the establishment of the National Council for Peace and Order (the "NCPO"), comprising prominent figures from the Thai army, navy, air force and police. The Head of the NCPO, issued an order abrogating Thailand's constitution from 2007. On 6 April 2017, a new constitution was promulgated and general elections for the members of the Thai House of Representatives took place on 24 March 2019. The Parliament passed a resolution on 5 June 2019 to elect General Prayuth Chan-ocha as Prime Minister of Thailand and on 10 July 2019, the appointments of new cabinet members were officially published in the Royal Gazette. Although the election has been completed and a government has been formed, there can be no assurance that the political environment in Thailand will be stable. Since early 2020, Thailand has experienced a series of political demonstrations demanding for, among other things, the resignation of the Prime Minister and a change to the constitution. The ultimate duration, intensity and impact of these demonstrations is subject to significant uncertainty. Any future political, social or economic instability in Thailand may materially and adversely affect our business, cash flow, financial condition, results of operations and prospects.

We cannot predict the effects of these recent events on Thailand's political and economic conditions or on us. There can be no assurance that our strategy and business operations will not be impacted by the recent change in government. Furthermore, there can be no assurance that any reforms or new policies introduced by the new administration will result in economic growth or political stability within Thailand.

Terrorist attacks and international and regional instability could adversely affect our business, financial condition, results of operations and prospects.

In recent years, Thailand has been particularly affected by political protests, other protests and terrorist attacks. Some of these incidents have been reactions to political conflicts within Thailand. On 17 August 2015, a bomb exploded at the Erawan Shrine in Bangkok which killed 20 people and injured more than 100 others. In August 2019, during the ASEAN security summit taking place in the city, six bombs exploded across Bangkok and injured four people. Such terrorist incidents and other sporadic acts of violence have occurred on multiple occasions since January 2004 in southern Thailand, including attacks on Thailand's security forces caused by separatist groups in southern Thailand. A number of countries, including the United States, the United Kingdom, Australia and Canada, had also issued travel advisories relating to travel to Thailand. Incidents of violence or terrorism could lead to widespread unrest in Thailand. In any of such events, our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, political events in the Middle East, including future terrorist attacks against targets in the Middle East, Southeast Asia or other regions, rumours or threats of terrorist attacks or war, actual conflicts involving the Middle East and trade disruptions, all of which may impact our suppliers or customers, may adversely impact our operations. Political or economic developments related to these crises could adversely affect the Thai economy and the global economy and could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Relating to the PRC

Adverse changes in economic and political policies of the PRC government could have a material adverse effect on overall economic growth in the PRC, which could materially and adversely affect our business.

Our business in the PRC, which we carry on through our PRC subsidiary, SDME, is influenced by economic, political and legal developments in the PRC, including the level of development, growth rate, foreign exchange controls, capital reinvestment, allocation of resources, rate of inflation and trade balance position. Economic reforms begun in the late 1970s have resulted in significant economic growth. However, economic reform policies or measures in the PRC may constantly evolve. The PRC economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth in the past 30 years, growth has been uneven across different regions and periods and among various economic sectors.

The PRC government exercises significant control over the PRC's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Since late 2003, the PRC government has implemented a number of measures, such as increasing the PBOC's statutory deposit reserve ratio and imposing commercial bank lending guidelines, which have had the effect of slowing the growth of credit availability. Since 2008, however, in response to the global financial crisis, the PRC government has loosened such requirements and adopted various measures aimed at expanding credit and stimulating economic growth, such as decreasing the statutory deposit reserve ratio of the PBOC and lowering benchmark interest rates. Particularly, any changes in the policies implemented by the PRC government which result in currency and interest rate fluctuations, capital restrictions, and changes in taxes detrimental to our business may materially and adversely affect our business, financial condition, results of operations and prospects.

Although the PRC economy has grown significantly in the past decade, that growth may not continue and any slowdown may have a negative effect on our business and operations. Any adverse changes in economic conditions in the PRC, the policies of the PRC government or PRC laws and regulations could have a material and adverse effect on the overall economic growth of the PRC. Such developments could lead to reduction in demand for our products and our business, financial condition, results of operations and prospects may be materially and adversely affected.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.

Our business operations in the PRC are governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Unlike in a common law system, prior court decisions may be cited for reference but have limited precedential value.

Although efforts have been made by the PRC government to enhance protection of foreign investment in the PRC, newly enacted laws and regulations may not sufficiently cover all aspects

of economic activities in the PRC and there is much uncertainty in their application, interpretation and enforcement. Furthermore, the PRC legal system is partly based on government policies and administrative rules that may take effect retrospectively. As a result, we may not be aware of violations of certain policies or rules in a timely manner. The legal protection available to us under PRC laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted, which may result in the diversion of our resources and management attention. In addition, the outcome of dispute resolutions may not be consistent or predictable and it may be difficult to enforce judgments and arbitration awards in the PRC.

These uncertainties relating to the interpretation, implementation and enforcement of the PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions can affect the legal remedies and protections available to us and our business, financial condition, results of operations and prospects may be materially and adversely affected.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

We are incorporated in Thailand and our Shares are primary listed on the SET and are subject to Thai laws and regulations, which may differ from laws and regulations applicable to Singapore companies listed on the SGX-ST.

Our corporate affairs are governed by our Articles of Association, the PLCA and the regulations of the Thai SEC and SET applicable to companies listed on the SET. The rights of our Shareholders and the responsibilities of our Board of Directors and management under Thai law may differ from those applicable to a company incorporated in Singapore. Our public Shareholders may have difficulty in protecting their interests in connection with actions taken by our Board of Directors, management or controlling Shareholders as compared with shareholders of a company incorporated in Singapore. See “Appendix C – Comparison of Thai Corporate Law and Singapore Corporate Law” for a comparison of key differences between the PLCA and the Singapore Companies Act.

Further, the nature and content of information required to be publicly disclosed under the regulations of the Thai SEC and SET applicable to companies listed on the SET may differ from the public disclosures made by companies listed on the SGX-ST. These differences may include, among others, differences with respect to the disclosure of beneficial ownership of our equity securities and related party or connected transactions.

As the listing of our Shares on the SGX-ST will be a secondary listing, we are subject to limited regulatory oversight by the SGX-ST. Under the Listing Manual, as a foreign issuer with a secondary listing on the SGX-ST, we will generally not be required to comply with the provisions of the Listing Manual, provided that we undertake to: (a) release all information and documents in English to the SGX-ST at the same time as they are released to the home exchange; (b) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the home exchange; and (c) comply with such other Listing Rules as may be applied by the SGX-ST from time to time (whether before or after listing). For example, any related party transactions we propose to enter into will not be subject to the SGX-ST’s requirements in respect of interested person transactions, including requirements for disclosure or shareholder approval. Instead, such transactions will be subject to the regulations of the Thai SEC and SET in respect of connected transactions. See “Appendix D – Comparison of SET Regulations and Thai Securities Law and SGX-ST Listing Rules and Singapore Securities Law” for a comparison of key differences between the continuing listing requirements of the SGX-ST and the SET.

The role of the SGX-ST in performing any regulatory, disciplinary or enforcement function in respect of our Company may also be limited. Accordingly, CDP Depositors may have difficulty in protecting their interests as compared with shareholders of a company primary listed on the SGX-ST.

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.

Furthermore, it may not always be possible for a non-Thai Shareholder, or purchaser or seller of our Shares, to know in advance whether the relevant Shares fall within applicable limits and will be eligible to be registered in the name of the purchaser, or whether the registrar will decline to register the transfer of Shares.

Ownership of Thai companies by non-Thai persons is generally limited to 49.0% of a company's outstanding shares. In the event such shareholding limit is lowered, our Shareholders may be subject to increased risks of forced transfers or sales or may be required to hold non-voting depository receipts in lieu of our Shares.

We may not be able to pay dividends.

Our ability to declare dividends in relation to our Shares will depend on our future financial performance which, in turn, depends on our ability to successfully implement our business strategies as well as financial, competitive, regulatory and general economic conditions, and other factors specific to our industry or specific projects, many of which are beyond our control.

In addition, under the PLCA and our Articles of Association, if the Company's retained earnings determined in accordance with Thai Generally Accepted Accounting Principles ("**Thai GAAP**") are not positive, the Company will be unable to pay dividends, even if we record positive net profit for that year. Furthermore, in any year in which we have a net profit (as determined under Thai GAAP), we will be required by the PLCA and by our Articles of Association to set aside as a reserve, an amount of not less than 5.0% of our annual net profit (after the deduction of accumulated losses brought forward, if any) until the total reserve is not less than 10.0% of our registered capital. There is no material difference in the manner of assessment between Thai GAAP and TFRS. See "*Dividend Policy*" for a discussion of our dividend policy.

Under the terms of certain of our existing term loan facilities, if the principal and interest are not paid to the lender on a timely basis, we may not declare and pay dividends unless consent is given by the lenders.

Exchange rate fluctuations may adversely affect the value of our Shares and any dividend distribution.

Our Shares will be quoted in Baht on the SET and in Singapore dollars on the SGX-ST. Dividends, if any, with respect to our Shares will be declared in Baht and converted to Singapore dollars for payment in relation to Shares which are listed on the SGX-ST. Fluctuations in the exchange rate between the Baht and the Singapore dollar will affect, among other things, the value of the dividends received in Singapore dollars by investors of our Shares listed on the SGX-ST. See "*Exchange Rates and Exchange Controls – Exchange Rates*" for further information regarding fluctuations in the value of the Baht relative to the Singapore dollar.

Future sales of our Shares, and the availability of large amounts of our Shares for sale, could depress our Share price.

Sales of a substantial number of our Shares or securities exchangeable or convertible into our Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our Shares.

Our Controlling Shareholder, STA, and RBL, are subject to lock-up arrangements in respect of their Shares. See “*Share Ownership – Moratorium*” for further details. These lock-up arrangements expire on 2 July 2021. None of our other Shareholders nor our Directors is subject to lock-up arrangements and each such shareholder or Director is free to sell their shares in the market. Any sale of substantial amounts of our Shares in the public market by such Shareholders or such substantial sale following the expiry of their respective lock-up arrangements could have a material adverse impact on the price of our Shares. These sales may also make it difficult for us to raise capital through equity fundraisings at a time and price we deem appropriate.

The Introduction may not result in an active or liquid market on the SGX-ST for our Shares.

As of the date of this Introductory Document, there is no public market for our Shares in Singapore. The listing and quotation of our Shares on the SGX-ST does not guarantee that a trading market for our Shares on the SGX-ST will develop or, if a market does develop, the liquidity of that market for our Shares. Although we currently intend that our Shares will remain listed on the SET and the SGX-ST, there is no assurance of the continued listing of our Shares.

The trading prices of our Shares on the SET and the SGX-ST may differ significantly due not only to exchange rate fluctuations but also due to differences in market liquidity of our Shares, trading participants and investor bases, exchange trading systems and other factors beyond our control. There is no assurance that the trading prices of our Shares on the SGX-ST will be equivalent to the trading prices of our Shares on the SET.

The trading prices of our Shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions or other developments affecting us, our customers or competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors, many of which are beyond our control. Volatility in the price of our Shares may be caused by factors outside of our control or may be unrelated or disproportionate to our results of operations. It may be difficult to assess our performance against either domestic or international benchmarks.

Overseas Shareholders may not be able to participate in future rights offerings or other equity issuances by us.

Although Thai public companies are not required to offer pre-emptive rights to existing shareholders when issuing shares, Thai public companies have from time to time issued shares through rights offerings. Compliance with securities laws or other regulatory provisions in some jurisdictions (including Singapore) may prevent certain investors from participating in any future rights issuances and the shareholdings of such investors may be diluted by any such rights issuances as we have no obligation to register our Shares in any other jurisdiction. While we may lodge the necessary documents in respect of such a rights offering in Singapore, there is no assurance that we will do so in order to permit Singapore investors to participate in any future rights offerings we may undertake.

Shareholders' ability to attend general meetings may be limited.

Where our Shares are held through CDP, CDP will be the only Shareholder on record of such Shares. Accordingly, as a matter of Thai law, CDP will be the only person or entity recognised as a Shareholder and legally entitled to vote on any matter to be submitted to the vote of our Shareholders at a general meeting of Shareholders. Pursuant to the notification of the Department of Business Development of the MOC, in relation to the form of proxy (Form C), where the shares are held by a custodian in Thailand (which the foreign shareholders have appointed as a custodian in Thailand as a depository and keeper of those shares), the votes can be split. CDP has appointed a Thai custodian to safekeep all the shares held by CDP. Such Thai custodian will act as CDP's proxy during a general meeting of Shareholders and CDP will instruct such Thai custodian to split its votes in accordance with the instructions that CDP receives from investors holding Shares through CDP. However, Shareholders who desire to attend Shareholders' meetings and exercise their voting rights under their names with regard to our Shares beneficially owned by them will be required to transfer their Shares out of the CDP system and have the share transfer registered in the share register book. In addition, a Shareholder who transfers our Shares out of the CDP system will not be able to trade such Shares on the SGX-ST unless he first transfers such Shares back into the CDP system.

Control by our largest and Controlling Shareholder may limit the ability of Shareholders to influence the outcome of decisions requiring approval of Shareholders.

Our largest and Controlling Shareholder is STA, which holds a direct interest of 50.75% in our Company as of the Latest Practicable Date. STA also holds a 99.99% interest in RBL, which in turn holds a direct interest of 5.44% in our Company as of the Latest Practicable Date. Accordingly, STA will be able to control the outcome of all matters which can be approved by way of a simple majority vote of Shareholders, including but not limited to the appointment of Directors and the approval of significant corporate transactions. In addition, shareholder resolutions to approve any matters which require approval by way of a three-fourths majority vote of Shareholders, such as amendments to our Memorandum of Association or Articles of Association, can only be passed with the support of STA. The interests of STA may or may not be aligned with, or may conflict with, the interests of minority Shareholders with respect to such voting decisions.

In addition, such concentration of ownership may have the effect of delaying, preventing or deterring a change in control which may benefit minority Shareholders.

There is no assurance that we will remain listed on either the SET or the SGX-ST.

While our Shares are currently listed on the SET and will, following this Introduction, be listed on the SGX-ST, there is no assurance that they will continue to be so listed on either exchange in the future. We may not be able to continue to satisfy the listing requirements under the regulations of the SET or other relevant rules, regulations or laws in Thailand or Singapore. In addition, our eligibility-to-list on the SGX-ST is conditional upon, among others, the maintenance of our primary listing on the SET. In the event that our Shares cease to be listed on the SET, there is no assurance that our Shares will remain listed on the SGX-ST. If our Shares are suspended from quotation, removed from trading or otherwise cease to be traded on the SET or the SGX-ST, our Shareholders and CDP Depositors (as the case may be) will not be able to trade our Shares on the SET and/or the SGX-ST. Further, there is no assurance that any of such Shareholders or CDP Depositors will be entitled to compensation or an exit offer, or that the terms of any such compensation or exit offer will be satisfactory to them. If our Shares cease to be listed on the SGX-ST and in the event there is no exit offer or CDP depositors choose not to accept the exit offer, such CDP Depositors may have to transfer their Shares to the SET for disposal or trading. See "*Clearance and Settlement*" for further details regarding transfers of our Shares between the SGX-ST and the SET.

DIVIDEND POLICY

Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecasted and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Issue Manager, or any other person. Prospective investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. See “Notice to Investors – Forward-Looking Statements”.

Past Dividends

The following table shows the amount of cash dividends paid by our Company and each of our subsidiaries (except where dividends were paid to our Company) for each of FY2018, FY2019 and FY2020 and for the period from 1 January 2021 to the Latest Practicable Date:

	FY2018			FY2019			FY2020			1 January 2021 to the Latest Practicable Date		
	Dividend (THB per Share)	Total Dividend (THB million)		Dividend (THB per Share)	Total Dividend (THB million)		Dividend (THB per Share)	Total Dividend (THB million)		Dividend (THB per Share)	Total Dividend (THB million)	
Our Company	2.5 ⁽¹⁾	500.0		–	–		1.25 ⁽²⁾	1,785.78		– ⁽³⁾	– ⁽³⁾	
PSE ⁽⁴⁾	–	–		600.0 ⁽⁵⁾	300.0		520.0 ⁽⁵⁾	260.0		–	–	

Notes:

- (1) Based on a total of 200.0 million Shares issued and outstanding at par value of THB 1.00 per Share.
- (2) Based on a total of 1,428.8 million Shares issued and outstanding at par value of THB 1.00 per Share.
- (3) For completeness, on 2 April 2021, our Shareholders approved a final dividend of THB 2.00 per Share in respect of FY2020. The dividend of THB 5,714.02 million was paid on 28 April 2021.
- (4) As we only acquired our interest in 499,996 shares in PSE as of January 2021 representing a shareholding interest of 99.9992%, the dividends declared in FY2019 and FY2020, THB 300 million and THB 260 million were not paid to our Company.
- (5) Based on a total of 500,000 PSE's ordinary shares issued and outstanding.

Dividend Policy

Our Board may recommend annual dividends, subject to approval by our Shareholders, in an annual general meeting. From time to time, our Board may declare interim dividends if the Board considers that the profits of the Company justify such payment. Our policy is to pay a dividend of at least 50.0% of net profit based on our Company's separate financial statements for each financial year, after deductions of corporate income tax and allocation of all types of reserves in accordance with our Articles of Association and applicable laws. The dividend distributions to be made shall not exceed our Company's retained earnings as reflected in the separate financial statements, based on the recommendation of our Board. This dividend policy is subject to change by our Board.

The actual dividend that our Board may recommend or declare in respect of any particular financial year or period will be subject to restrictions under applicable laws and regulations, the factors outlined below as well as any other factors deemed relevant by our Board.

In considering the level of dividend payments, if any, we intend to take into account various factors, including the following:

- our financial position, results of operations and cash flow;
- the ability of our subsidiaries to pay dividends to our Company;
- expected working capital and capital expenditure requirements to support our future growth;
- general economic conditions and such other external factors that may have an impact on our business operations; and
- such other considerations as our Board may deem appropriate.

Under the PLCA and our Articles of Association, if our Company's retained earnings are not positive, we will be unable to pay dividends, even if we record positive net profit for that financial year. Furthermore, in any year in which our Company has a net profit, we are required by the PLCA and our Articles of Association to set aside as a reserve an amount of not less than 5.0% of our Company's annual net profit (after the deduction of accumulated losses brought forward, if any) until the total reserve is not less than 10.0% of our Company's registered capital. Our total reserve as at 31 December 2020 amounted to 10.0% of our registered capital.

Dividends in respect of our Shares are subject to Thai withholding tax at a rate of 10.0% or lower pursuant to BOI tax exemption when paid to either non-resident corporate investors or non-resident individual investors. See "*Taxation*". Cash dividends, if any, will be declared in Baht and converted to Singapore dollars for payment in relation to Shares which are listed on the SGX-ST. As a result, the equivalent of any dividends in Singapore dollars will be affected by changes in the exchange rate between the Baht and Singapore dollar. See "*Exchange Rate and Exchange Controls*" for information on exchange controls.

Shareholders whose Shares are held through CDP will receive their dividends through CDP in Singapore dollars. We will make the necessary arrangements to convert the dividends in Baht into the Singapore dollar equivalent at the prevailing exchange rate obtained by us on the relevant date for onward distribution to CDP and CDP's onward distribution to entitled Shareholders. Neither our Company nor CDP will be liable for any loss whatsoever arising from the conversion of the dividend entitlement of Shareholders holding their Shares through CDP from Baht into the Singapore dollar equivalent.

You should note that the foregoing statements are merely statements of our present intention and shall not constitute legally binding statements in respect of our Company's future dividends, which may be subject to modification (including reduction or non-declaration thereof) in the sole and absolute discretion of our Board.

No inference should or can be made from any of the foregoing statements as to our Company's actual future profitability or our Company's ability to pay dividends in any of the periods discussed.

CAPITALISATION AND INDEBTEDNESS

The information in this section should be read in conjunction with the sections in this Introductory Document entitled “Selected Consolidated Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, as well as the consolidated financial statements of our Group for the years ended 31 December 2018, 2019 and 2020 and the notes thereto included elsewhere in this Introductory Document.

The table below sets out the cash and cash equivalents as well as the capitalisation and indebtedness of our Group as at 31 March 2021 based on our unaudited and unreviewed management accounts. Financial statements for the three months ended 31 March 2021 will be released in accordance with the requirements of the SET in Thailand and an English translation of the announcement in Thailand will be released to the SGX-ST at the same time. The financial statements for the three months ended 31 March 2021 will be reviewed by EY in accordance with TFRS and may be different from the information set out below. Any such changes will be set out in the announcement as well as the reasons for such differences.

	Unaudited as at 31 March 2021
	(THB million)
Cash and cash equivalents	29,453.7
Current indebtedness	
Secured	
Guaranteed	–
Non-guaranteed	–
Unsecured	
Guaranteed	–
Non-guaranteed	100.0
Non-current indebtedness	
Secured	
Guaranteed	–
Non-guaranteed	–
Unsecured	
Guaranteed	–
Non-guaranteed	6,255.9
Total indebtedness	6,355.9
Total shareholders’ equity	41,270.7
Total capitalisation and indebtedness	47,626.6

Contingent Liabilities

As at the Latest Practicable Date, we do not have any material contingent liabilities. However for completeness, please refer to Note 33 of the Audited Consolidated Financial Statements relating to operational guarantees that have been provided.

MARKET PRICE INFORMATION

The following table sets out certain historical pricing and trading volume information of our Shares on the SET. No inference should or can be made from any of the information below as to the actual price or movement of our Shares for any other periods.

Our Shares were listed on the SET on 2 July 2020. The following table sets out certain pricing and trading volume information for our Shares on the SET for the period from 2 July 2020 to 31 December 2020 and for each of the last six months prior to the date of this Introductory Document⁽¹⁾:

Period	High (THB) ⁽²⁾	Low (THB) ⁽²⁾	Average Daily Trading Volume (Number of Shares)
2 July 2020 to 31 December 2020 (both inclusive)	46.63	30.25	55,913,262
October 2020	46.63	40.25	42,333,157
November 2020	45.00	34.25	59,843,297
December 2020	38.00	35.13	36,273,131
January 2021	41.25	36.25	34,226,384
February 2021	41.00	37.50	34,127,983
March 2021	41.00	38.75	21,543,707
April 2021 (through to the Latest Practicable Date)	45.50	41.25	42,787,115

The following table sets out the highest and lowest market prices of our Shares on the SET for the period from 2 July 2020 to 30 September 2020 and the quarters ended 31 December 2020 and 31 March 2021⁽¹⁾:

Period	High (THB) ⁽²⁾	Low (THB) ⁽²⁾
2 July 2020 to 30 September 2020 (both inclusive)	44.25	30.25
Quarter ended 31 December 2020	46.63	34.25
Quarter ended 31 March 2021	41.25	36.25

Notes:

- (1) Source: Bloomberg L.P. Bloomberg L.P. has not provided its consent to the inclusion of the price and trading volume information cited to it in this section and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such information.
- (2) The high and low amounts were based on the highest and lowest closing price, respectively, for our Shares for the particular period, with relevant adjustments for the Share Split.

The closing price of our Shares on the SET as at the Latest Practicable Date was THB 43.25. The closing price of our Shares on the SET as at 6 May 2021, being the last trading day before the date of this Introductory Document, was THB 45.25.

There has been no significant trading suspension that has occurred on the SET from the date on which our Shares were first listed and quoted on the SET to the Latest Practicable Date. Our Shares are regularly traded on the SET.

EXCHANGE RATES AND EXCHANGE CONTROLS

EXCHANGE RATES

The following table sets out, for the periods indicated, certain information on the exchange rates between the Baht and the Singapore dollar (in Baht per Singapore dollar), as quoted by Bloomberg L.P. and rounded to two decimal places. These exchange rates have been presented solely for information only. We make no representation that the Baht or Singapore dollar amounts set out below and referred to elsewhere in this Introductory Document could have been or could be converted into any of the respective other currencies at the rates indicated or at any other rate or at all.

Period	Closing Exchange Rates Baht per Singapore dollar ⁽¹⁾			
	High ⁽²⁾	Low ⁽²⁾	Average ⁽³⁾	Period End
FY2018	24.52	23.53	23.91	23.71
FY2019	23.75	21.97	22.67	22.09
FY2020	23.17	22.15	22.75	22.71
October 2020	23.17	22.81	22.98	22.81
November 2020	22.84	22.39	22.61	22.57
December 2020	22.72	22.45	22.58	22.71
January 2021	22.73	22.49	22.63	22.49
February 2021	22.85	22.49	22.61	22.85
March 2021	23.23	22.72	22.93	23.22
1 April 2021 to the Latest Practicable Date (both inclusive)	23.70	23.21	23.46	23.64

Notes:

- (1) Source: Bloomberg L.P. Bloomberg L.P. has not provided its consent to the inclusion of the exchange rate information cited to it in this section and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such information.
- (2) The high and low amounts were determined using the closing exchange rates at the end of each day during the period indicated.
- (3) The yearly average rate was determined using the closing exchange rates on the last day of each month during the period indicated. The monthly or periodic average rate was determined using the closing exchange rates at the end of each day during the period indicated.

On the Latest Practicable Date, the closing exchange rate between the Baht and the Singapore dollar (in Baht per Singapore dollar) was THB 23.64 : S\$1.00.

EXCHANGE CONTROLS

Thailand

Thai foreign exchange controls are administered by the Bank of Thailand on behalf of the Ministry of Finance, pursuant to the Exchange Control Act B.E. 2485 (1942), as amended. The Bank of Thailand has granted commercial banks and certain other entities the authority to conduct foreign exchange transactions as authorised agents of the Bank of Thailand. Since 1998, the Bank of

Thailand has introduced measures to restrict certain foreign exchange-related transactions by domestic financial institutions with non-residents of Thailand and to safeguard against instability and speculation in the domestic currency market. However, relaxations may be granted from time to time as the Bank of Thailand considers appropriate to the financial circumstance. These measures, among other things: (a) limit the size of foreign exchange transactions relating to the Thai Baht that commercial banks in Thailand can enter into: for foreign exchange transactions with a non-resident who conducts underlying trade or investment activities in Thailand, the value of such foreign exchange transaction must not exceed the actual value of the underlying trade or investment activity, and for foreign exchange transactions which are not linked to any underlying trade or investment activity in Thailand, the total outstanding balance executed by each financial institution shall not exceed THB 200 million per group of non-residents (Measure to Limit Thai Baht Liquidity). There are also limitations on domestic financial institutions borrowing in Thai Baht or undertaking transactions comparable to borrowing in Thai Baht from non-residents, whereby the total outstanding balance executed by each financial institution shall not exceed THB 10 million per group of non-residents (Measure to Curb Capital Inflows); and (b) regulate direct loans granted to non-residents.

Foreign currencies can be transferred or brought into Thailand without any limitation or any requirement for registration with the exchange control authorities.

Dividends or proceeds from sales (including capital gains) from the transfer of shares after payment of the applicable Thai taxes, if any, can be remitted outside Thailand in foreign currencies without any requirement for approval from the Bank of Thailand. However, if the amount is US\$200,000 or more in the relevant currency, a form must be submitted to an authorised agent together with relevant supporting documents.

The export of share certificates or other securities certificates from Thailand does not require prior approval from an exchange control officer appointed by the Bank of Thailand. The exporter may either dispatch the certificates by mail or carry them when travelling abroad.

On 29 February 2008, the Bank of Thailand issued the Notification of the Competent Officer on Rules and Practices regarding Currency Exchange No. 17, which establishes the criteria for the withdrawal and deposit of Thai Baht by a non-resident into three types of non-resident Thai Baht accounts: (i) a non-resident Thai Baht account for securities ("**NRBS**"), for example, for the purpose of investing in equity instruments, debt instruments, mutual fund units and any other securities and exchange-traded derivatives; (ii) a special non-resident Thai Baht account for certain deposits through a Thai bank's branches in Vietnam, China (only for Yunnan province) and neighbouring countries; and (iii) a non-resident Thai Baht account for other purposes ("**NRBA**"), including sales proceeds, returns and other receipts from investment by a non-resident which consists of at least 10.0% or more of the total share capital of a company in Thailand.

Further to the Notification of the Competent Officer on Rules and Practices regarding Currency Exchange No. 17 above, on 31 May 2017, the Bank of Thailand also issued Revised Rules and Practices on the Measures to Prevent Thai Baht Speculation (which may be amended from time to time as the Bank of Thailand considers appropriate). Financial institutions which maintain these non-resident Thai Baht accounts for non-residents are required to monitor the outstanding balances of all NRBSs or NRBAAs, as the case may be, at the end of each day to ensure that the outstanding balance in such accounts does not exceed the limit of THB 200 million per each non-resident. Such limitation applies to all NRBSs or NRBAAs, as the case may be, opened by a non-resident with all financial institutions in Thailand, except for as otherwise approved by the Bank of Thailand on a case-by-case basis. Each branch and subsidiary of a foreign entity will be treated separately as a non-resident and the limit will apply on an individual basis.

The PRC

The principal law governing foreign currency exchange in the PRC is the Foreign Exchange Administration Regulations of the PRC (中华人民共和国外汇管理条例). The Foreign Exchange Administration Regulations was promulgated by the State Council on 29 January 1996 and amended from time to time. Under existing PRC foreign exchange regulations, currency transactions within the scope of the current account, including profit distributions, interest payments and expenditures from trade-related transactions, can be effected without requiring the approval of SAFE by complying with certain procedural requirements, while the payment under capital account will require the approval of or registration with SAFE or its local branch or its designated banks.

On 9 June 2016, SAFE promulgated the Circular of SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (国家外汇管理局关于改革和规范资本项目结汇管理政策的通知) (the “**SAFE Circular 16**”). It unifies the Discretional Foreign Exchange Settlement for all the domestic institutions. The Discretional Foreign Exchange Settlement refers to the foreign exchange capital under the capital account which has been confirmed by the relevant policies subject to the discretionary foreign exchange settlement (including foreign exchange capital, foreign debts and funds remitted from the proceeds from the overseas listing) can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital is temporarily determined as 100.0%. Furthermore, the SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by FIEs shall follow the principles of authenticity and self-use within the business scope of enterprises. The foreign exchange incomes of capital accounts and capital in Renminbi obtained by FIEs from foreign exchange settlement shall not be used for the following purposes: (a) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (b) directly or indirectly used for investment in securities or financial schemes other than bank guaranteed products, unless otherwise provided by relevant laws and regulations; (c) used for granting loans to non-connected enterprises, unless otherwise explicitly permitted by its business scope; and (d) used for the construction or purchase of real estate that is not for self-use (except for the real estate enterprises). On 23 October 2019, SAFE issued the Notice of SAFE on Further Facilitating Cross-border Trade and Investment (国家外汇管理局关于进一步促进跨境贸易投资便利化的通知), which, among other things, allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in the PRC, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws.

According to the Circular of SAFE on Optimising Foreign Exchange Administration to Support the Development of Foreign-related Business (国家外汇管理局关于优化外汇管理支持涉外业务发展的通知) promulgated on 10 April 2020 by SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Enterprises satisfying the prescribed requirements are allowed to use receipts under the capital accounts such as capital funds, foreign debts and overseas listings for domestic payment without providing banks with authenticity certification materials on a transaction-by-transaction basis in advance, under the premise that funds are used in a truthful and compliant manner and comply with the existing provisions on the administration of use of receipts under capital accounts.

The US

Currently, no exchange control restrictions exist in the United States. The US dollar has been, and in general is, freely convertible.

Singapore

There are no exchange control restrictions in Singapore.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Introductory Document, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, our audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 and the related notes as set out in Appendix A and our unaudited pro forma consolidated financial statements as at and for the year ended 31 December 2020 and the related notes as set out in Appendix B of this Introductory Document.

Our consolidated financial statements are reported in Baht and prepared and presented in accordance with TFRS. We have provided below conversions of certain Baht amounts into Singapore dollar at specified rates solely for the convenience for the reader.

AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	FY2018	FY2019	FY2020	FY2020
		(THB million)		(S\$ million) ⁵
Revenues from sales	10,988.6	11,994.1	30,405.1	1,340.6
Cost of sales	(9,179.7)	(10,555.5)	(13,602.3)	(599.7)
Gross profit	1,808.9	1,438.7	16,802.8	740.9
Other income	97.7	140.3	248.1	10.9
Selling and distribution expenses	(257.2)	(411.0)	(605.3)	(26.7)
Administrative expenses	(292.4)	(314.4)	(495.1)	(21.8)
Gain on exchange rates	51.9	48.0	161.3	7.1
Other gain/(loss)	(61.7)	5.3	(62.4)	(2.8)
Profit from operating activities	1,347.2	906.8	16,049.4	707.6
Finance income	1.9	5.3	39.2	1.7
Finance cost	(161.7)	(194.3)	(142.2)	(6.3)
Profit before income tax	1,187.4	717.9	15,946.5	703.1
Income tax	(205.8)	(103.9)	(1,545.6)	(68.1)
Profit for period	981.6	613.9	14,400.9	635.0
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	(5.3)	(4.7)	3.9	0.2
Loss on cash flow hedges – net of income tax	–	–	(7.1)	(0.3)
Other comprehensive income to be reclassified to profit or loss in subsequent periods – net of income tax	(5.3)	(4.7)	(3.2)	(0.1)
Actuarial gain (loss) – net of income tax	(0.5)	1.5	(6.6)	(0.3)

⁵ Based on the average daily closing exchange rate between the Baht and Singapore dollar of THB 22.68 = S\$1.00 for FY2020.

	FY2018	FY2019	FY2020	FY2020
		(THB million)		(S\$ million)⁵
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	(0.5)	1.5	(6.6)	(0.3)
Other comprehensive income for the year	(5.8)	(3.2)	(9.8)	(0.4)
Total other comprehensive income for the year	975.8	610.7	14,391.1	634.5
Profit (loss) attributable to⁶:				
Equity holders of the Company	1,053.1	634.3	14,400.9	635.0
Former interests before restructuring of the subsidiary	(71.5)	(20.4)	–	–
	981.6	613.9	14,400.9	635.0
Total comprehensive income attributable to:				
Equity holders of the Company	1,052.6	631.6	14,391.1	634.5
Former interests before restructuring of the subsidiary	(76.8)	(20.9)	–	–
	975.8	610.7	14,391.1	634.5
Earnings per share				
Basic earnings per share ⁷				
Profit attributable to equity holders of the Company (THB/S\$)	2.63	0.42	5.94	0.26
Diluted earnings per share ⁸				
Profit attributable to equity holders of the Company (THB/S\$)	2.63	0.42	5.93	0.26

⁶ As SDME and STU are wholly owned subsidiaries and PSE and PS have not been consolidated into the Audited Consolidated Financial Statements, there is no net profit or loss after tax attributable to non-controlling interests.

⁷ Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of our Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue after adjusting the number of ordinary shares to reflect the change in par value of ordinary shares from Baht 1.00 each to Baht 0.50 each. The weighted average number of ordinary shares for the calculation of basic earnings per share in FY2018, FY2019 and FY2020 was 400,000,000, 1,525,386,000 and 2,425,973,000, respectively.

⁸ Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of our Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares after adjusting the number of ordinary shares to reflect the change in par value of ordinary shares from Baht 1.00 each to Baht 0.50 each. The calculation assumes that dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the date of the issue of the options to purchase newly-issued ordinary shares. The weighted average number of ordinary shares for the calculation of diluted earnings per share in FY2018, FY2019 and FY2020 was 400,000,000, 1,525,386,000 and 2,426,638,000, respectively.

AUDITED CONSOLIDATED BALANCE SHEETS

	As at 31 December			
	2018	2019	2020	2020
	(THB million)			(S\$ million) ⁹
Assets				
Current assets				
Cash and cash equivalents	573.3	581.3	24,188.8	1,065.1
Trade and other receivables	1,922.2	1,611.8	4,907.0	216.1
Inventories	1,681.4	1,611.8	3,033.6	133.6
Derivative financial instruments	–	21.8	39.6	1.7
Other current assets	74.4	485.7	969.3	42.7
Total current assets	4,251.2	4,312.3	33,138.1	1,459.2
Non-current assets				
Fixed deposits pledged as collateral	25.3	–	–	–
Property, plant and equipment	6,038.1	8,562.3	9,521.4	419.3
Right-of-use assets	–	–	33.1	1.5
Intangible assets – computer software	7.0	13.2	99.5	4.4
Goodwill	220.9	220.9	220.9	9.7
Deferred tax assets	103.3	106.9	104.2	4.6
Other non-current assets	6.0	0.6	176.1	7.8
Total non-current assets	6,400.6	8,903.8	10,155.3	447.2
Total assets	10,651.8	13,216.1	43,293.4	1,906.4
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	1,263.0	1,392.8	3,573.4	157.4
Short-term borrowings from financial institutions	491.2	263.8	–	–
Current portions of:				
– Long-term borrowings from financial institutions	499.2	947.5	774.2	34.1
– Finance lease liabilities	5.6	6.3	–	–
– Lease liabilities	–	–	15.9	0.7
Income tax payable	90.8	119.2	1,360.4	59.9
Derivative financial instruments	2.0	29.4	46.0	2.0
Other current liabilities	13.7	14.0	55.3	2.4
Total current liabilities	2,365.6	2,773.0	5,825.3	256.5

⁹ Based on the closing exchange rate between the Baht and Singapore dollar of THB 22.71 = S\$1.00 as of 31 December 2020. See "Exchange Rates and Exchange Controls – Exchange Rates".

	As at 31 December			
	2018	2019	2020	2020
	(THB million)			(S\$ million) ⁹
Non-current liabilities				
Non-current portions of:				
– Long-term borrowings from financial institutions	4,248.6	5,845.9	5,525.5	243.3
– Finance lease liabilities	7.4	8.3	–	–
– Lease liabilities	–	–	12.7	0.6
Derivative financial instruments	–	–	44.5	2.0
Provision for retirement benefit obligations	94.8	101.5	120.0	5.3
Deferred tax liabilities	146.1	85.3	68.0	3.0
Total non-current liabilities	4,496.8	6,041.1	5,770.7	254.1
Total liabilities	6,862.4	8,814.1	11,595.9	510.6
Shareholders' equity				
Share capital				
Registered				
2,869,560,000 ordinary shares of THB 0.50 each (2019: 1,434,780,000 ordinary shares of THB 1.00 each; 2018: 2,000,000 ordinary shares of THB 100.00 each)	200.0	1,434.8	1,434.8	63.2
Issued and fully paid-up				
2,857,560,000 ordinary shares of THB 0.50 each (2019: 990,000,000 ordinary shares of THB 1.00 each; 2018: 2,000,000 ordinary shares of THB 100.00 each)	200.0	990.0	1,428.8	62.9
Premium on ordinary shares	–	–	14,243.2	627.2
Share-based payment reserve	–	–	8.2	0.4
Surplus from the Amalgamation	–	483.7	483.7	21.3
Deficit from business combination under common control	–	(143.2)	(143.2)	(6.3)
Retained earnings				
– Appropriated – statutory reserve	24.4	64.8	143.5	6.3
– Unappropriated	1,843.6	2,664.1	15,239.0	671.0

	As at 31 December			
	2018	2019	2020	2020
	(THB million)			(S\$ million) ⁹
Other components of shareholders' equity				
Surplus on revaluation of assets – net of income tax	362.8	345.0	328.3	14.5
Exchange differences on translation of financial statements in foreign currency	–	(2.3)	1.6	0.1
Cash flow hedge reserve – net of income tax	–	–	(35.6)	(1.6)
Equity attributable to owners of the Company	2,430.9	4,402.0	31,697.5	1,395.8
Former Shareholders before the restructuring	1,358.5	–	–	–
Total shareholders' equity	3,789.4	4,402.0	31,697.5	1,395.8
Total liabilities and shareholders' equity	10,651.8	13,216.1	43,293.4	1,906.4

SELECTED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following selected pro forma financial information should be read in conjunction with the full text of this Introductory Document, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, our audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 and the related notes as set out in Appendix A and our unaudited pro forma consolidated financial statements as at and for the year ended 31 December 2020 and the related notes as set out in Appendix B of this Introductory Document.

The unaudited pro forma balance sheet of our Group as at 31 December 2020 has been prepared based on our audited consolidated financial statements as at and for the year ended 31 December 2020. Our unaudited pro forma balance sheet has been prepared to illustrate the impact of the Approved Dividend, as if such event had occurred on 31 December 2020. The pro forma financial statement is not necessarily indicative of the financial position that would have been attained had the Approved Dividend actually occurred at the respective date. Accordingly, such information, because of its nature, may not be reflective of our Group’s actual financial position and does not purport to predict the future financial position of our Group.

No adjustment was made to the audited consolidated statements of comprehensive income and cash flows for the year ended 31 December 2020 as the unaudited pro forma statements of comprehensive income and cash flows for the year ended 31 December 2020 is the same, in all material respects, as the audited consolidated statements of comprehensive income and cash flows for the year ended 31 December 2020.

Our consolidated financial statements are reported in Baht and prepared and presented in accordance with TFRS. We have provided below conversions of certain Baht amounts into Singapore dollar at specified rates solely for the convenience for the reader.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEETS

	As at 31 December 2020	As at 31 December 2020
	(THB million)	(\$ million) ⁹
Assets		
Current assets		
Cash and cash equivalents ¹⁰	18,473.6	831.5
Trade and other receivables	4,907.0	216.1
Inventories	3,033.6	133.6
Derivative financial instruments	39.6	1.7
Other current assets	969.3	42.7
Total current assets	27,423.0	1,207.5

¹⁰ Based on the Approved Dividend.

	As at 31 December 2020	As at 31 December 2020
	(THB million)	(\$ million) ⁹
Non-current assets		
Property, plant and equipment	9,521.4	419.3
Right-of-use assets	33.1	1.5
Intangible assets – computer software	99.5	4.4
Goodwill	220.9	9.7
Deferred tax assets	104.2	4.6
Other non-current assets	176.1	7.8
Total non-current assets	10,155.3	447.2
Total assets	37,578.3	1,654.7
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	3,573.4	157.4
Current portions of:		
– Long-term borrowings from financial institutions	774.2	34.1
– Lease liabilities	15.9	0.7
Income tax payable	1,360.4	59.9
Derivative financial instruments	46.0	2.0
Other current liabilities	55.3	2.4
Total current liabilities	5,825.3	256.5
Non-current liabilities		
Non-current portions of:		
– Long-term borrowings from financial institutions	5,525.5	243.3
– Lease liabilities	12.7	0.6
Derivative financial instruments	44.5	2.0
Deferred tax liabilities	68.0	3.0
Provision for retirement benefit obligations	120.0	5.3
Total non-current liabilities	5,770.7	254.1
Total liabilities	11,595.9	510.6
Shareholders' equity		
Share capital		
Registered		
2,869,560,000 ordinary shares of THB 0.50 each	1,434.8	63.2

	As at 31 December 2020	As at 31 December 2020
	(THB million)	(\$ million) ⁹
Issued and fully paid-up		
2,869,560,000 ordinary shares of THB 0.50 each	1,428.8	62.9
Premium on ordinary shares	14,243.2	627.2
Share-based payment reserve	8.2	0.4
Surplus from the Amalgamation	483.7	21.3
Deficit from business combination under common control	(143.2)	(6.3)
Retained earnings		
– Appropriated – statutory reserve	143.5	6.3
– Unappropriated	9,523.9	419.4
Other components of shareholders' equity		
Surplus on revaluation of assets – net of income tax	328.3	14.5
Exchange differences on translation of financial statements in foreign currency	1.6	0.1
Cash flow hedge reserve – net of income tax	(35.6)	(1.6)
Total shareholders' equity	25,982.4	1,144.1
Total liabilities and shareholders' equity	37,578.3	1,654.7

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Prospective investors should read the following discussion and analysis of our financial condition and results of operations in conjunction with “Risk Factors”, “Selected Consolidated Financial Information”, “Selected Pro Forma Consolidated Financial Information” and our consolidated financial statements and the related notes included elsewhere in this Introductory Document. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those described under “Risk Factors” and elsewhere in this Introductory Document. See “Notice to Investors – Forward-Looking Statements”. Our consolidated financial statements have been prepared in accordance with TFRS.

OVERVIEW

We are engaged in the business of manufacturing and distributing rubber gloves for medical use and use in other industries. Our main products comprise powdered natural rubber gloves, powder-free natural rubber gloves and nitrile gloves. Most of the rubber gloves that we manufacture and distribute are natural rubber gloves for medical use. Our products have been exported to more than 140 countries worldwide, including countries in North America, South America, Europe, Asia Pacific, the Middle East, Africa and Oceania.

Restructuring and Amalgamation

Our Company was formed on 1 April 2019 through the Amalgamation of Sri Trang Gloves (Thailand) Co., Ltd., a subsidiary of STA, and Thaikong, pursuant to STA's strategic plans to consolidate and expand its business of manufacturing and distributing rubber gloves. Sri Trang Gloves (Thailand) Co., Ltd. was incorporated on 9 January 1989, whereas Thaikong Co., Ltd (later renamed Thaikong Public Company Limited (“**Thaikong**”)) was purchased by Dr. Viyavood Sincharoenkul, our Non-executive Director, through the acquisition of shares of Thaikong Group Co., Ltd. from a third party on 16 August 2018.

Subsequent to the Amalgamation, STA undertook a number of restructuring transactions to support the growth and expansion of our Group. In June 2019, our Company acquired a 100.0% shareholding interest in SDME, a company engaged in the business of distributing rubber gloves in the PRC, from STC, a subsidiary of STA. In September 2019, our Company acquired a 100.0% shareholding interest in STU, a company engaged in the business of distributing rubber gloves in the US, from STA.

Our Company also undertook several share issuances in 2019 and 2020, resulting in an increase in our paid-up share capital from THB 825.0 million as of 1 April 2019, to THB 990.0 million as of 14 June 2019, and to approximately THB 1.4 billion as of 29 June 2020.

In order to enable investors to better understand our past performance, our consolidated financial statements for FY2018, FY2019 and FY2020 will include financial information covering the following periods for our Company, Sri Trang Gloves (Thailand) Co., Ltd., Thaikong, STU and SDME, respectively⁽¹⁾:

	FY2018	FY2019	FY2020
Sri Trang Gloves (Thailand) Co., Ltd.	1 January 2018 – 31 December 2018	1 January 2019 – 31 March 2019	N.A.
Thaikong⁽¹⁾	16 August 2018 – 31 December 2018	1 January 2019 – 31 March 2019	N.A.
Company⁽²⁾	N.A.	1 April 2019 – 31 December 2019	1 January 2020 – 31 December 2020

	FY2018	FY2019	FY2020
SDME⁽³⁾	1 January 2018 – 31 December 2018	1 January 2019 – 31 December 2019	1 January 2020 – 31 December 2020
STU⁽³⁾	1 January 2018 – 31 December 2018	1 January 2019 – 31 December 2019	1 January 2020 – 31 December 2020

Notes:

- (1) We have accounted for the formation of our amalgamated Group as a business combination of companies under common control in a manner similar to a pooling of interests. Accordingly, our consolidated financial statements have been prepared as if our Group had been in existence for all the periods presented and the entities in our Group had been transferred to and consolidated into our Company and become a part of the consolidated Group as at 1 January 2018, save for: (i) Thaikong, which was purchased by Dr. Viyavood Sincharoenkul, our Non-executive Director, through the acquisition of shares of Thaikong Group Co., Ltd. on 16 August 2018, which has been accounted for using the purchase method of accounting; and (ii) PSE (which was acquired from STA and RBL) and PS (which was acquired from STA) in January 2021.
- (2) Our Company was officially registered as the amalgamated entity of Sri Trang Gloves (Thailand) Co., Ltd. and Thaikong on 1 April 2019.
- (3) SDME and STU are considered to be under the common control of STA, prior to and subsequent to their acquisition by our Company. Accordingly, the presentation of the consolidated financial statements will include SDME and STU as subsidiaries of our Group. See Note 4.2 to our Audited Consolidated Financial Statements included in this Introductory Document.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe our results of operations have been and may be affected by the following factors:

- **Global demand for rubber gloves.** Our revenue is driven primarily by global demand for rubber gloves which is dependent on, among others, growth in healthcare spending in markets where we operate arising from an increased focus on healthcare, a growing ageing population and an outbreak of contagious diseases. Our largest markets for our rubber gloves are countries in the Asia Pacific region (in particular, Japan and China), followed by Europe (in particular, Germany) and North America (in particular, the United States). In 2020, due to the COVID-19 pandemic, there was a substantial increase in demand for medical rubber gloves as these were a critical part of the personal protective equipment used by medical and other professionals on the front lines. This resulted in a 153.5% increase in our revenue from FY2019 of THB 11,994.1 million to THB 30,405.1 million in FY2020. In addition, our revenue is also driven by the continued growth in demand for rubber gloves in non-healthcare industries globally, as well as our ability to increase market share in both emerging markets and developed countries.
- **Production volume and utilisation rates.** Our installed capacity and utilisation rate affect the production volume of rubber gloves we manufacture for sale. Over the last three financial years, we have significantly increased our installed capacity in our Hat Yai and Trang factories and many of our new factories and production lines are switchable between nitrile gloves and powder-free natural rubber gloves. As of the Latest Practicable Date, we have a total of three rubber glove factories located in Thailand, with a total of 147 integrated production lines and an estimated total installed capacity of approximately 33.3 billion pieces of rubber gloves per year. The overall utilisation rate of our factories in FY2018, FY2019 and FY2020 was 89.9%, 88.6% and 94.4%, respectively. See “*Business – Production Facilities and Capacity*” for further details. Our production volume and utilisation rates are affected by unexpected downtime and potential lead time when we switch the product mix among our production lines. We strive to run our machines efficiently to maximise output, taking into account customer orders, production capacity, product mix and the availability of raw materials, among other factors.

- **Product mix.** We endeavour to align our product mix with global market demands, subject to our production line capacities including maximising our utilisation rates. Changes to our product mix could affect our results of operations as the demand or selling prices for each product type differs. For example, powder-free natural rubber gloves and nitrile gloves generally have a higher unit sales price than powdered natural rubber gloves. Separately, a significant portion of our revenue is derived from sales as an OEM, which contributed 85.5%, 84.2% and 80.2% of our total revenue from sale of gloves for FY2018, FY2019 and FY2020, respectively. We plan to continue to develop and market our own brands which generally enjoy a higher profit margin as we streamline our production process, especially in packaging and, to some extent, labour costs.
- **Costs of raw materials and utility costs.** The main raw materials we use in our production are concentrated latex, synthetic latex and chemicals. We purchase concentrated latex at the specifications we require from companies within the STA Group pursuant to the Concentrated Latex Purchase Agreement which allows us to set out the specifications and quality we require at a price calculated according to an agreed formula which references the market price. We purchase synthetic latex and chemicals from suppliers at the specifications we require and based on prevailing market prices on a monthly basis. Our utilities costs primarily comprise the cost of woodchips for thermal energy and electricity. Raw materials in the form of natural rubber latex and synthetic latex comprised 42.7%, 39.7% and 43.9% of our total cost of sales for FY2018, FY2019 and FY2020, respectively. The prices of these raw materials fluctuate and are affected by, among others, the prices of natural rubber latex and crude oil, and the demand and supply of such raw materials.
- **Efforts to reduce costs and expenses.** We have invested in automation to reduce our cost of sales, particularly labour costs. We have automated many processes in our new factory buildings in Hat Yai and expect to further implement such automation in our other factories to improve our production efficiencies.
- **Foreign currency exposure and hedging.** Our financial reporting currency is Baht and most of our costs (including raw materials costs, salary expenses and other production costs) are transacted in Baht. The majority of our sales is, however, denominated in US dollar and Renminbi. Fluctuations in the exchange rates between the Baht, US dollar and Renminbi, in particular, could affect our results of operations. In addition, any fluctuations in the exchange rates between the US dollar and Baht, when compared with the exchange rate between the US dollar and the Malaysian Ringgit, Renminbi or Indonesian Rupiah could adversely affect our price competitiveness in comparison with other rubber glove manufacturers from Malaysia, the PRC and Indonesia. We seek to mitigate foreign exchange risks using hedging instruments such as forward and options contracts to hedge our foreign exchange exposures arising from the sale of our products in currencies other than Baht.
- **Level of borrowings and finance costs.** Our long-term borrowings are used primarily to finance capital expenditure to increase our production capacity. Interest rates on our long-term loan facilities are fixed at a rate over or below, as the case may be, floating rates like the Minimum Lending Rate (of the relevant bank) in Thailand and the Six-month Thai Baht Interest Rate Fixing (set by the Bank of Thailand). Our finance costs are therefore driven primarily by the amount of borrowings outstanding and interest rates fluctuations during the period. Under a subsidy programme implemented by the Thai government to support expansion of production by natural rubber product manufacturers, for loans from commercial banks taken to expand production capacity, the Thai government will subsidise interest payments up to a rate of 3.0% per annum of the loan amount for a period of 10 years or until 2026, whichever is earlier, provided that the usage of natural rubber is in accordance with the conditions of the subsidy programme.

CERTAIN STATEMENTS OF COMPREHENSIVE INCOME LINE ITEMS

Revenue from Sales

We derive revenue primarily from the sale of rubber gloves which comprise:

- powdered natural rubber gloves;
- powder-free natural rubber gloves; and
- nitrile gloves.

In the third quarter of 2018, STU changed the scope of its business operations by discontinuing the sale of natural rubber products to customers situated in the US, to instead focus on the sale of rubber gloves.

The following table sets out our revenue from sales by geography and product type for the financial years indicated below:

Revenue		FY2018 ⁽¹⁾		FY2019		FY2020	
		THB million	%	THB million	%	THB million	%
Domestic Market							
Thailand	Sale of natural rubber gloves	880.7	8.2	880.3	7.3	1,386.3	4.6
	<i>Powdered natural rubber gloves</i>	665.7	6.2	654.1	5.5	916.5	3.0
	<i>Powder-free natural rubber gloves</i>	215.0	2.0	226.2	1.9	469.8	1.5
	Sale of nitrile gloves	243.6	2.3	256.6	2.1	432.6	1.4
	Total (Thailand)	1,124.3	10.4	1,136.9	9.5	1,818.9	6.0
Foreign Markets							
Outside Thailand	Sale of natural rubber gloves	5,516.3	51.1	6,594.7	55.0	16,796.4	55.2
	<i>Powdered natural rubber gloves</i>	2,719.2	25.2	3,616.2	30.1	9,959.4	32.8
	<i>Powder-free natural rubber gloves</i>	2,797.1	25.9	2,978.5	24.8	6,837.0	22.5
	Sale of nitrile gloves	4,160.5	38.5	4,262.5	35.5	11,789.8	38.8
	Total (Foreign Markets)	9,676.8	89.6	10,857.2	90.5	28,586.2	94.0
Total revenue from sale of rubber gloves		10,801.1	100.0	11,994.1	100.0	30,405.1	100.0
Total revenue from sales		10,988.6	–	11,994.1	–	30,405.1	–

Note:

- (1) We derived revenue amounting to THB 187.5 million (representing 1.7% of total sales revenue) in FY2018 from the sale of natural rubber products (which was a separate product category from rubber gloves), prior to the discontinuation of this business in the third quarter of FY2018.

		FY2018		FY2019		FY2020	
		THB million	%	THB million	%	THB million	%
Foreign Markets Breakdown:							
Asia Pacific	Sale of natural rubber gloves	1,873.5	17.3	2,038.0	17.0	6,067.5	20.0
	<i>Powdered natural rubber gloves</i>	994.9	9.2	1,007.1	8.4	3,287.0	10.8
	<i>Powder-free natural rubber gloves</i>	878.6	8.1	1,030.9	8.6	2,780.5	9.1
	Sale of nitrile gloves	1,460.7	13.5	1,480.6	12.3	3,210.5	10.6
	Total (Asia Pacific)	3,334.2	30.9	3,518.6	29.3	9,278.0	30.5
Europe	Sale of natural rubber gloves	1,525.1	14.1	1,768.2	14.7	4,207.4	13.8
	<i>Powdered natural rubber gloves</i>	339.9	3.1	625.8	5.2	1,847.1	6.1
	<i>Powder-free natural rubber gloves</i>	1,185.3	11.0	1,142.4	9.5	2,360.4	7.8
	Sale of nitrile gloves	955.0	8.8	811.1	6.8	2,250.5	7.4
	Total (Europe)	2,480.1	23.0	2,579.3	21.5	6,457.9	21.2
North America	Sale of natural rubber gloves	684.6	6.3	804.7	6.7	1,748.7	5.8
	<i>Powdered natural rubber gloves</i>	183.1	1.7	227.1	1.9	702.4	2.3
	<i>Powder-free natural rubber gloves</i>	501.5	4.6	577.6	4.8	1,046.2	3.4
	Sale of nitrile gloves	1,451.1	13.4	1,606.6	13.4	5,812.9	19.1
	Total (North America)	2,135.7	19.8	2,411.3	20.1	7,561.5	24.9
South America	Sale of natural rubber gloves	890.9	8.2	1,304.9	10.9	2,929.8	9.6
	<i>Powdered natural rubber gloves</i>	867.5	8.0	1,249.6	10.4	2,895.8	9.5
	<i>Powder-free natural rubber gloves</i>	23.4	0.2	55.3	0.5	34.0	0.1
	Sale of nitrile gloves	103.6	1.0	138.6	1.2	111.5	0.4
	Total (South America)	994.4	9.2	1,443.5	12.0	3,041.3	10.0

		FY2018		FY2019		FY2020	
		THB million	%	THB million	%	THB million	%
Foreign Markets Breakdown:							
Middle East	Sale of natural rubber gloves	171.5	1.6	300.2	2.5	836.4	2.8
	<i>Powdered natural rubber gloves</i>	102.1	0.9	208.1	1.7	485.9	1.6
	<i>Powder-free natural rubber gloves</i>	69.4	0.6	92.0	0.8	350.5	1.2
	Sale of nitrile gloves	109.7	1.0	126.4	1.1	283.5	0.9
	Total (Middle East)	281.2	2.6	426.5	3.6	1,119.9	3.7
Africa	Sale of natural rubber gloves	266.6	2.5	314.2	2.6	797.1	2.6
	<i>Powdered natural rubber gloves</i>	222.7	2.1	290.2	2.4	729.9	2.4
	<i>Powder-free natural rubber gloves</i>	43.9	0.4	24.0	0.2	67.2	0.2
	Sale of nitrile gloves	70.2	0.6	81.3	0.7	63.3	0.2
	Total (Africa)	336.8	3.1	395.5	3.3	860.4	2.8
Australia and Oceania	Sale of natural rubber gloves	104.1	1.0	64.6	0.5	209.6	0.7
	<i>Powdered natural rubber gloves</i>	9.2	0.1	8.3	0.1	11.3	0.0
	<i>Powder-free natural rubber gloves</i>	95.0	0.9	56.3	0.5	198.2	0.7
	Sale of nitrile gloves	10.3	0.1	18.0	0.2	57.6	0.2
	Total (Australia and Oceania)	114.5	1.1	82.6	0.7	267.2	0.9

Cost of Sales

Our cost of sales consists primarily of the following:

- **Raw materials costs:** Our raw materials costs include costs of concentrated latex, synthetic latex and chemicals.
- **Utilities costs:** Our utilities costs include electricity, water and fuel costs, and the cost of woodchips which we burn to generate thermal energy used in our production.
- **Personnel expenses:** Our personnel expenses include wages, salaries, bonus and contributions to the social security fund for staff directly involved in the production of goods.

- **Depreciation and amortisation:** Our depreciation expenses comprise mainly depreciation of production-related property, plant and equipment.
- **Packaging material costs:** Our packaging material costs comprise mainly costs relating to the duplex paper used to contain the rubber gloves produced (inner box) and corrugated boxes used as outer packaging (outer box) for rubber gloves sold.
- **Others:** Our other expenses relate mainly to glove former usage, repair and modification of machinery.

The table below sets out a breakdown of our cost of sales for sale of rubber gloves:

Cost of sales	FY2018 ⁽¹⁾		FY2019		FY2020	
	THB million	%	THB million	%	THB million	%
Raw materials costs	4,632.1	51.6	5,123.5	48.5	7,123.8	52.4
Utilities costs	1,351.1	15.0	1,575.8	14.9	1,933.4	14.2
Personnel expenses	909.6	10.1	1,117.7	10.6	1,391.5	10.2
Depreciation and amortisation	632.5	7.0	779.2	7.4	988.0	7.3
Packaging material costs	502.2	5.6	680.2	6.4	931.9	6.9
Others	954.4	10.6	1,279.1	12.1	1,233.8	9.1
Total	8,981.8	100.0	10,555.5	100.0	13,602.3	100.0

Note:

- (1) Our total cost of sales included THB 197.9 million of expenses (representing 2.2% of total cost of sales) in FY2018 relating to the sale of natural rubber products, prior to the discontinuation of this business in the third quarter of FY2018.

Finance Income

Our finance income consists primarily of interest earned from bank deposits.

Other Income

Other income consists primarily of the following:

- gain from scrap sales;
- revenue from tax compensation under customs incentive schemes for the export of goods manufactured in Thailand that are in compliance with regulations of relevant government bodies;
- income from insurance claim and business interruption which are claims relating to property damage and certain business interruptions;
- compensation income received under the interest subsidy programme for rubber producers by the Rubber Authority of Thailand. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting Our Results of Operations – Level of borrowings and finance costs.*”;

- rental income in respect of staff and labour housing; and
- others, which mainly consist of revenue from the sale of steam, scrap plastic, and sales of other materials such as oil, chemicals and miscellaneous equipment.

The table below sets out a breakdown of our other income:

Other income	FY2018		FY2019		FY2020	
	THB million	%	THB million	%	THB million	%
Gain from scrap sales	31.6	32.4	11.1	7.9	53.4	21.5
Revenue from tax compensation	10.1	10.3	12.6	9.0	29.6	11.9
Income from insurance claim and business interruption	14.8	15.1	24.2	17.2	18.2	7.3
Rental income	9.2	9.4	11.2	8.0	13.1	5.3
Compensation income received under the interest subsidy programme for rubber producers by the Rubber Authority of Thailand	–	–	46.4	33.1	78.6	31.7
Others	32.0	32.8	34.8	24.8	55.1	22.2
Total	97.7	100.0	140.3	100.0	248.1	100.0

Selling and Distribution Expenses

Our selling and distribution expenses consist primarily of transportation costs, personnel expenses for our sales and marketing team, brokerage commissions and other expenses including promotional and insurance expenses.

The table below sets out a breakdown of our selling and distribution expenses:

Selling and distribution expenses	FY2018		FY2019		FY2020	
	THB million	%	THB million	%	THB million	%
Transportation costs	158.1	61.5	199.8	48.6	320.1	52.9
Personnel expenses	30.2	11.7	82.3	20.0	153.2	25.3
Brokerage commissions	19.1	7.4	28.2	6.9	51.2	8.5
Promotional expenses	17.6	6.8	16.3	4.0	15.4	2.5
Insurance cost	9.4	3.7	8.1	2.0	7.9	1.3
Others	22.7	8.8	76.3	18.6	57.3	9.5
Total	257.2	100.0	411.0	100.0	605.3	100.0

Administrative Expenses

Our administrative expenses consist of employee remuneration for general and administrative staff, office services usage, and other expenses including professional and advisory fees, bank fees and depreciation and amortisation of property, plant and equipment that are not related to production.

The table below sets out a breakdown of our administrative expenses:

Administrative expenses	FY2018		FY2019		FY2020	
	THB million	%	THB million	%	THB million	%
Employees' compensation and expenses	179.0	61.2	157.5	50.1	236.2	47.7
Office services usage	19.3	6.6	21.7	6.9	46.0	9.3
Professional and advisory fees	16.4	5.6	26.8	8.5	29.2	5.9
Bank fees	10.7	3.7	11.9	3.8	17.4	3.5
Depreciation and amortisation	7.6	2.6	14.2	4.5	8.7	1.8
Others	59.4	20.3	82.3	26.2	157.6	31.8
Total	292.4	100.0	314.4	100.0	495.1	100.0

Gains on Exchange Rates

Our gains on exchange rates consist of realised and unrealised gains from foreign exchange.

Other Gains/Losses

Our other gains/losses consist of unrealised gains and losses from derivative financial instruments (including foreign exchange options and forward foreign exchange contracts) and disposal and write-off of machinery and equipment and intangible assets.

Finance Costs

Our finance costs comprise mainly interest expenses from long-term and short-term loans.

FY2020 COMPARED TO FY2019

Revenue from Sales

Our total revenue increased by 153.5% or THB 18,411.0 million, from THB 11,994.1 million in FY2019 to THB 30,405.1 million in FY2020. This was primarily due to increases in sales volume and the average selling price of rubber gloves from approximately THB 0.60 per piece in FY2019 to THB 1.09 per piece in FY2020. This substantial increase in demand for our medical grade rubber gloves was a result of the COVID-19 pandemic as rubber gloves are a critical part of the personal protective equipment used by medical and other professionals in the healthcare sector and other front-line personnel.

Our revenue from rubber glove sales outside Thailand contributed 96.3% or THB 17,729.0 million, of the increase in our total revenue from the sale of rubber gloves with revenue from rubber glove sales outside Thailand increasing from THB 10,857.2 million in FY2019 to THB 28,586.2 million in FY2020. Sales to Asia Pacific (other than Thailand), North America and Europe each contributed 31.3%, 28.0% and 21.1% to the increase in our total revenue, respectively.

The increase in our total revenue comprised an increase of THB 6,605.6 million from the sale of powdered natural rubber gloves (or 35.9% of the increase in total revenue from the sale of rubber gloves), THB 4,102.1 million from the sale of powder-free natural rubber gloves (or 22.3% of the increase in total revenue from the sale of rubber gloves) and THB 7,703.3 million from the sale of nitrile gloves (or 41.8% of the increase in total revenue from the sale of rubber gloves). The increase in the sale of nitrile gloves was driven primarily by increases in sales to North America, Europe and Asia Pacific (other than Thailand).

Cost of Sales

Our cost of sales increased by 28.9% or THB 3,046.8 million, from THB 10,555.5 million in FY2019 to THB 13,602.3 million in FY2020. Raw materials costs increased by THB 2,000.3 million from THB 5,123.5 million in FY2019 to THB 7,123.8 million in FY2020 primarily due to increases in sales volume and overall latex price, partially offset by a decrease in cost per unit of utilities costs, chemicals, personnel expenses, depreciation and amortisation, packaging material costs and other cost of sales mainly due to economies of scale and a change in product mix to a higher proportion of powdered natural rubber gloves sales.

Gross Profit

For the reasons discussed above, our gross profit increased more than tenfold from THB 1,438.7 million in FY2019 to THB 16,802.8 million in FY2020. Our gross profit margin improved from 12.0% in FY2019 to 55.3% in FY2020, mainly due to the increase in the average selling price of rubber gloves from approximately THB 0.60 per piece in FY2019 to THB 1.09 per piece in FY2020 and economies of scale from increased production volume, despite the increase in raw materials prices as our average selling prices increased by a greater proportion than the cost increase due to the supply shortage of gloves worldwide arising from the COVID-19 pandemic.

Other Income

Our other income increased by 76.8% from THB 140.3 million in FY2019 to THB 248.1 million in FY2020. This was primarily due to an increase in proceeds from the sale of scrap material of THB 42.3 million, an increase in income received under the interest subsidy programme of THB 32.2 million, an increase in others of THB 20.3 million and an increase in revenue from tax compensation of THB 17.0 million, partially offset by a decrease in insurance claim proceeds of THB 6.0 million.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 47.3% or THB 194.3 million, from THB 411.0 million in FY2019 to THB 605.3 million in FY2020. This was primarily due to an increase in transportation costs of THB 120.3 million owing to increases in freight costs as a result of a switch in international commercial terms from free on board to cost, insurance and freight for certain customers as well as an increase in volume of goods transported, an increase in personnel expenses of THB 70.9 million which corresponded with our growth in operations, and an increase in brokerage fees to third party brokers of THB 23.0 million owing to an increase in sales volume and average selling price, partially offset by a decrease in promotional expenses of THB 0.9 million and other selling and distribution expenses of THB 19.0 million.

Administrative Expenses

Our administrative expenses increased by 57.5% or THB 180.7 million, from THB 314.4 million in FY2019 to THB 495.1 million in FY2020. This was primarily due to an increase in employees' compensation of THB 78.7 million and an increase in office services usage of THB 24.3 million, partially offset by a decrease in depreciation and amortisation of THB 5.5 million.

Gains on Exchange Rates and Other Gains/Losses

Our gains on exchange rates increased from THB 48.0 million in FY2019 to THB 161.3 million in FY2020, while other gains/losses decreased from a gain of THB 5.3 million in FY2019 to a loss of THB 62.4 million in FY2020, resulting in an increase in overall gain from THB 53.3 million in FY2019 to THB 98.9 million in FY2020.

The increase in overall gain was primarily due to a net increase amounting to THB 105.1 million in FY2020 as a result of gains on exchange rates of THB 161.3 million in FY2020, and loss on derivative financial instruments of THB 56.2 million, resulting from depreciation of the Baht against the US dollar in FY2020; partially offset by an increase in loss from disposals and write-off of fixed assets from a loss of THB 2.5 million in FY2019 to a loss of THB 6.3 million in FY2020.

Finance Income

Our finance income on interest earned from bank deposits increased by more than sixfold from THB 5.3 million in FY2019 to THB 39.2 million in FY2020. This was primarily due to an increase in cash deposits in banks arising from an increase in retained earnings and net proceeds from the Thai IPO of THB 14,595.4 million in FY2020.

Finance Costs

Our finance costs decreased by 26.8% or THB 52.1 million, from THB 194.3 million in FY2019 to THB 142.2 million in FY2020. This was primarily due to a decrease in loans in FY2020 from the repayment of a long-term loan amounting to THB 2,843.0 million and short-term loans amounting to THB 274.3 million, as well as a decrease in interest rates in FY2020, partially offset by additional long-term loans being drawdown amounting to THB 2,347.0 million.

Income Tax Expenses

Our income tax expenses increased by THB 1,441.7 million, from THB 103.9 million in FY2019 to THB 1,545.6 million in FY2020. This was primarily due to an increase in taxable income. However, our effective tax rate decreased from 14.5% in FY2019 to 9.7% in FY2020 due to the tax exemption under the BOI for the capacity expansion.

Net Profit

For the foregoing reasons, our net profit increased by THB 13,787.0 million from THB 613.9 million in FY2019 to THB 14,400.9 million in FY2020.

FY2019 COMPARED TO FY2018

Revenue from Sales

Our total revenue from sales increased by 9.2% or THB 1,005.5 million, from THB 10,988.6 million in FY2018 to THB 11,994.1 million in FY2019. This was primarily due to an increase in the sales volume of rubber gloves, including an increase in sales of natural rubber gloves to South America and the Middle East, partially offset by a decrease in the average selling price of rubber gloves and the discontinuation of our natural rubber products business in the third quarter of FY2018.

Our revenue from the sale of rubber gloves increased by 11.0% or THB 1,193.0 million, from THB 10,801.1 million in FY2018 to THB 11,994.1 million in FY2019. The increase was primarily due to an increase in the sales volume of rubber gloves of 26.0%, which mainly arose from the full-year impact of Thaikong's operational results for FY2019 and an increase in the production capacity of our Hat Yai factory to meet increasing global demand for rubber gloves, partially offset by the general decrease in the average selling price of rubber gloves from approximately THB 0.68 per piece in FY2018 to THB 0.60 per piece in FY2019.

Our revenue from rubber glove sales outside Thailand contributed 98.9% or THB 1,180.4 million, of the increase in our total revenue from the sale of rubber gloves with revenue from rubber glove sales outside Thailand increased from THB 9,676.8 million in FY2018 to THB 10,857.2 million in FY2019. Sales to South America, North America, Asia Pacific (other than Thailand) and Middle East each contributed 37.6%, 23.1%, 15.5% and 12.2% to the increase in our total revenue from rubber glove sales, respectively.

Our total revenue from the sale of rubber gloves in FY2019 increased by THB 885.4 million for powdered natural rubber gloves (or 74.2% of the increase in total revenue from the sale of rubber gloves), THB 192.6 million for powder-free natural rubber gloves (or 16.1% of the increase in total revenue from the sale of rubber gloves) and THB 115.0 million for nitrile gloves (or 9.6% of the increase in total revenue from the sale of rubber gloves). Our revenue from the sale of powdered natural rubber gloves increased substantially in FY2019 due to increase in sales volume from an increase in our production capacity at Hat Yai factory, as well as the full-year impact of Thaikong's operational results for FY2019.

We had no revenue from the sale of natural rubber products in FY2019, due to our discontinuation of the business in the third quarter of FY2018. Our revenue for the sale of natural rubber products was THB 187.5 million in FY2018.

Cost of Sales

Our cost of sales increased by 17.5% or THB 1,573.7 million, from THB 8,981.8 million in FY2018 to THB 10,555.5 million in FY2019. This was primarily due to the full-year impact of Thaikong's operational results for FY2019 and an increase in sales volume, partially offset by a general decrease in raw materials prices.

Our raw materials costs increased by 10.6% or THB 491.4 million, from THB 4,632.1 million in FY2018 to THB 5,123.5 million in FY2019, primarily due to an increase in sales volume of rubber gloves of 26.0%, partially offset by a general decrease in raw materials prices.

Our cost of sales for the sale of natural rubber products decreased from THB 197.9 million in FY2018 to nil in FY2019 due to the discontinuation of our natural rubber products business in the third quarter of FY2018.

Gross Profit

For the reasons discussed above, our gross profit decreased by 20.5% or THB 370.2 million, from THB 1,808.9 million, equivalent to a gross profit margin of 16.5%, in FY2018 to THB 1,438.7 million, equivalent to a gross profit margin of 12.0% in FY2019. The decrease in gross profit margin was mainly due to the general decrease in the average selling price of rubber gloves which resulted from an appreciation of Baht against the US dollar, whereas the Malaysian Ringgit weakened against the US dollar during the same period which affected the pricing of our products, partially offset by the decrease in raw materials prices.

Other Income

Our other income increased by 43.6% or THB 42.6 million, from THB 97.7 million in FY2018 to THB 140.3 million in FY2019. This was primarily due to compensation income received under the interest subsidy programme for rubber producers by the Rubber Authority of Thailand amounting to THB 46.4 million which became available to us in FY2019 and the non-recurring receipt of additional insurance claim proceeds of THB 24.2 million pursuant to damaged assets and business interruption owing to a fire accident involving Thaikong in 2018, partially offset by a decrease in proceeds from the sale of scrap materials of THB 20.5 million.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 59.8% or THB 153.8 million, from THB 257.2 million in FY2018 to THB 411.0 million in FY2019. This was primarily due to the transfer of marketing employees from STA to our Company in 2019, the full-year impact of Thaikong's operational results for FY2019, an increase in transportation costs of THB 41.7 million and personnel expenses of THB 52.1 million owing to an increase in sales volume, as well as an increase in other selling and distribution expenses of THB 53.6 million primarily due to an increase in claim expense for product damages and building rental expenses.

Administrative Expenses

Our administrative expenses increased by 7.5% or THB 22.0 million, from THB 292.4 million in FY2018 to THB 314.4 million in FY2019. This was primarily due to the full-year impact of Thaikong's operational results for FY2019, an increase in director compensation, an increase in professional fees of THB 10.4 million, and an increase in insurance premium, partially offset by a decrease in employees' compensation and expenses of THB 21.5 million owing to management restructuring at our subsidiary level for FY2019.

Gains on Exchange Rates and Other Gains/Losses

Our gains on exchange rates decreased from a gain of THB 51.9 million in FY2018 to a gain of THB 48.0 million in FY2019, and our other gains/losses increased from a loss of THB 61.7 million in FY2018 to a gain of THB 5.3 million in FY2019, resulting in an increase in overall gain from a loss of THB 9.8 million in FY2018 to a gain of THB 53.3 million in FY2019.

The increase in overall gain was primarily due to a net loss of THB 8.6 million in FY2018 as a result of a combined value of gains on exchange rates and a loss on derivative financial instruments to a combined gain of THB 55.8 million in FY2019 as a result of a gain from hedging instruments such as forward and options contracts entered into by our Company during the year from an appreciation of the Baht against the US dollar in the second half of 2019. This was partially offset by an increase in loss from disposals and write-off of fixed assets from a loss of THB 1.2 million in FY2018 to a loss of THB 2.5 million in FY2019.

Finance Income

Our finance income on interest earned from bank deposits increased by THB 3.4 million from THB 1.9 million in FY2018 to THB 5.3 million in FY2019. This was primarily due to an increase in bank deposits arising from an increase in retained earnings with no dividend paid out to Shareholders in FY2019.

Finance Costs

Our finance costs increased by 20.2% or THB 32.6 million, from THB 161.7 million in FY2018 to THB 194.3 million in FY2019. This was primarily due to the increase in interest payments from additional long-term loans for the production line expansion of our Hat Yai factory and Trang factory, offset by the repayment of a long-term loan amounting to THB 1,020.0 million and short-term loans amounting to THB 206.5 million.

Income Tax Expenses

Our corporate income tax decreased by 49.5% or THB 101.9 million, from THB 205.8 million in FY2018 to THB 103.9 million in FY2019. This was primarily due to a decrease in taxable income.

Net Profit

As a result of the foregoing, our net profit decreased by 37.5% or THB 367.7 million, from THB 981.6 million in FY2018 to THB 613.9 million in FY2019.

LIQUIDITY AND CAPITAL RESOURCES

Our working capital and other capital requirements have been principally financed through a combination of cash generated from operating activities, borrowings from financial institutions and equity financing.

As at the Latest Practicable Date, our material sources of unused liquidity available include THB 26,526.6 million in cash and cash equivalents and THB 6,061.7 million in undrawn short-term and long-term loan facilities, which are available to fund our working capital and capital expenditures.

Taking into account our present banking facilities and cash flows from our operations, in the reasonable opinion of the Directors, the working capital available to our Group as at the date of this Introductory Document is sufficient for our requirements for at least the next 12 months.

The following table sets out certain information relating to our cash flows for FY2018, FY2019 and FY2020:

(THB million)	FY2018	FY2019	FY2020
Net cash flows provided by operating activities	1,152.5	1,342.6	13,610.6
Net cash flows used in investing activities	(1,293.3)	(3,315.0)	(2,051.4)
Net cash flows provided by financing activities	149.5	1,999.9	12,035.5
Increase (decrease) in translation differences from financial statements	(8.8)	(19.4)	12.8
Net increase (decrease) in cash and cash equivalents	(0.1)	8.0	23,607.5
Cash and cash equivalents at beginning of the year	573.3	573.3	581.3
Cash and cash equivalents at end of the year	573.3	581.3	24,188.8

Net Cash From Operating Activities

FY2020

We generated THB 13,610.6 million in net cash provided by operating activities in FY2020, which comprised operating cash flows before working capital changes of THB 17,176.0 million, net working capital outflow of THB 3,145.8 million, THB 20.2 million received in interest income, THB 251.1 million in income taxes paid, and payment of interest amounting to THB 196.5 million.

The net working capital outflow was primarily due to an increase in trade and other receivables of THB 3,304.6 million and an increase in inventories of THB 1,384.9 million, partially offset by an increase in trade and other payables of THB 2,166.9 million.

FY2019

We generated THB 1,342.6 million in net cash provided by operating activities in FY2019, which comprised operating cash flows before working capital changes of THB 1,732.4 million, net working capital outflow of THB 2.9 million, THB 5.3 million received in interest income, THB 147.2 million in income taxes paid and payment of interest amounting to THB 244.9 million.

The net working capital outflow was primarily due to an increase in other current assets of THB 410.4 million which was primarily due to refundable value added tax from the Revenue Department arising from the Amalgamation, and a decrease in provision for retirement benefit obligations of THB 27.7 million, partially offset by a decrease in trade and other receivables of THB 320.2 million, a decrease in THB 72.6 million in inventory and an increase in trade and other payables of THB 36.6 million.

FY2018

We generated THB 1,152.5 million in net cash provided by operating activities in FY2018, which comprised operating cash flows before working capital changes of THB 1,947.5 million, net working capital outflow of THB 463.4 million, THB 2.1 million received in interest income, THB 173.2 million in income taxes paid and payment of interest amounting to THB 160.5 million.

The net working capital outflow was primarily due to a decrease in trade and other payables by THB 222.6 million, an increase in inventory of THB 145.8 million, a decrease in other current liabilities by THB 101.3 million, an increase in other current assets by THB 12.1 million, an increase in non-current assets by THB 4.1 million and a decrease in provision for retirement benefit obligations of THB 0.8 million, partially offset by a decrease in trade and other receivables by THB 23.3 million.

Net Cash From Investing Activities

FY2020

Our net cash used in investing activities for FY2020 was THB 2,051.4 million, which consisted primarily of purchases of property, plant and equipment as well as intangible assets amounting to THB 2,054.9 million, which included: (a) the completion of 10 additional production lines at our Hat Yai factory; (b) the completion of 12 additional production lines at our Trang factory; and (c) purchases of land in Songkhla Province and Surat Thani Province for production capacity expansion, partially offset by proceeds from the disposal of machinery and equipment amounting to THB 3.6 million.

FY2019

Our net cash used in investing activities for FY2019 was THB 3,315.0 million, which consisted primarily of: (a) purchases of property, plant and equipment as well as intangible assets amounting to THB 3,180.4 million, which included the construction of 10 additional production lines at our Hat Yai factory and 12 additional production lines at our Trang factory; and (b) the investments in SDME and STU in June 2019 and September 2019, respectively, amounting to THB 163.1 million, partially offset by cash received from the decrease in fixed deposits pledged as collateral of THB 25.3 million and the disposal of machinery and equipment amounting to THB 3.2 million.

FY2018

Our net cash used in investing activities for FY2018 was THB 1,293.3 million, which consisted primarily of purchases of property, plant and equipment as well as intangible assets amounting to THB 1,536.2 million, which included: (a) the addition of six production lines at our Hat Yai factory; (b) further construction to increase the production capacity of our Hat Yai factory and our Trang factory; and (c) improvements made to existing production lines to increase production efficiency, partially offset by cash received from business acquisition before restructuring of THB 240.2 million and the proceeds from the disposal of machinery and equipment amounting to THB 3.0 million.

Net Cash From Financing Activities

FY2020

Our net cash provided by financing activities for FY2020 amounted to THB 12,035.5 million, primarily due to: (a) proceeds from the Thai IPO of THB 14,609.3 million; and (b) proceeds from long-term loans amounting to THB 2,347.0 million, partially offset by (i) the repayment of long-term loans amounting to THB 2,843.0 million, (ii) dividends payment of THB 1,785.8 million, and (iii) the repayment of a short-term loan amounting to THB 274.3 million.

FY2019

Our net cash provided by financing activities for FY2019 amounted to THB 1,999.9 million, primarily due to the drawdown of long-term loans amounting to THB 3,068.0 million, proceeds from the issuance of additional Shares amounting to THB 165.0 million, partially offset by the repayment of long-term loans amounting to THB 1,020.0 million, the repayment of a short-term loan amounting to THB 206.5 million and the repayment of finance lease liabilities amounting to THB 6.6 million.

FY2018

Our net cash provided by financing activities for FY2018 amounted to THB 149.5 million, primarily due to the drawdown of long-term loans amounting to THB 1,650.0 million and proceeds from the issuance of additional Shares amounting to THB 147.9 million, partially offset by the repayment of long-term loans amounting to THB 1,050.0 million, a dividend payment to Shareholders of THB 500.0 million, the repayment of short-term loans amounting to THB 96.3 million, and the repayment of finance lease liabilities amounting to THB 2.1 million.

BORROWINGS

As of 31 December 2020, we had aggregate borrowings of THB 6,882.6 million which comprised: (a) short-term loan facilities of THB 580.6 million; and (b) long-term loan facilities of THB 6,302.0 million with total undrawn facilities of THB 7,459.6 million, subject to restrictions on use for certain facilities as set out in their respective facilities. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources*” for our undrawn credit facilities as of the Latest Practicable Date.

In addition, we had outstanding foreign exchange instrument facilities and interest rate swap facilities of THB 21,982.7 million as of 31 December 2020.

The table below sets out certain information about our material long-term and short-term facilities as at 31 December 2020:

Lender	Borrower	Type of Facility	Facility Amount (THB million, except stated otherwise)	Principal amount outstanding as at 31 December 2020 (THB million)	Date of Maturity	Interest Rate	Restrictions on Use
Bank of Ayudhya Public Company Limited	STGT	Long-term loan ⁽¹⁾	1,000	880	September 2026	Six-month Thai Baht Interest Rate Fixing (“6MTHBFIx”) + Fixed Rate ⁽²⁾ per annum (“p.a.”)	Limited to the purpose specified in the facility agreement only, i.e. to support the capacity expansion of Surat Thani factory
The Siam Commercial Bank Public Company Limited	STGT	Long-term loan ⁽¹⁾	2,000	1,467	December 2026	Bank’s Minimum Lending Rate (“MLR”) – Fixed Rate ⁽²⁾ p.a.	Limited to the purpose specified in the facility agreement only, i.e. to support the capacity expansion of Surat Thani factory
KASIKORN BANK Public Company Limited	STGT	Long-term loan ⁽¹⁾	1,500	–	September 2026	Bank’s MLR – Fixed Rate ⁽²⁾ p.a.	Limited to the purpose specified in the facility agreement only, i.e. to support the capacity expansion PS factory

Lender	Borrower	Type of Facility	Facility Amount (THB million, except stated otherwise)	Principal amount outstanding as at 31 December 2020 (THB million)	Date of Maturity	Interest Rate	Restrictions on Use
The Siam Commercial Bank Public Company Limited	STGT	Long-term loan ⁽¹⁾	1,445	1,325	December 2025	Bank's MLR – Fixed Rate ⁽²⁾ p.a.	Limited to the purpose specified in the facility agreement only, i.e. to support the capacity expansion of Hat Yai factory
The Siam Commercial Bank Public Company Limited	STGT	Long-term loan ⁽¹⁾	950	810	December 2025	Bank's MLR – Fixed Rate ⁽²⁾ p.a.	Limited to the purpose specified in the facility agreement only, i.e. to support the capacity expansion of Surat Thani factory
KASIKORNBANK Public Company Limited	STGT	Long-term loan ⁽¹⁾	700	427	September 2023	Bank's MLR – Fixed Rate ⁽²⁾ p.a.	Limited to the purpose specified in the facility agreement only, i.e. to support the capacity expansion of Hat Yai factory
KASIKORNBANK Public Company Limited	STGT	Long-term loan ⁽¹⁾	1,623	1,393	March 2025	6MTHBFIX + Fixed Rate ⁽³⁾ p.a.	Limited to the purpose specified in the facility agreement only, i.e. to support the capacity expansion of Trang factory

Lender	Borrower	Type of Facility	Facility Amount (THB million, except stated otherwise)	Principal amount outstanding as at 31 December 2020 (THB million)	Date of Maturity	Interest Rate	Restrictions on Use
Bank of Ayudhya Public Company Limited	STGT	Promissory notes, letter of credit and letter of guarantee	1,252	424	Not more than one year from the date of issuance or the trade date (as applicable)	Promissory notes are unutilised and as such, have no prescribed interest rate as yet	Limited to working capital purposes
The Siam Commercial Bank Public Company Limited	STGT	Bank overdraft, packing credit, letter of credit, letter of guarantee and trading facilities	4,205	134	Not more than one year from the date of issuance or the trade date (as applicable)	Bank's Minimum Overdraft Rate ("MOR") for the bank overdraft	Limited to working capital purposes
KASIKORN BANK Public Company Limited	STGT	Promissory notes, bank overdraft, packing credit and letter of guarantee	80	11	Not more than one year from the date of issuance or the trade date (as applicable)	Bank's MOR p.a. for the bank overdraft	Limited to working capital purposes
TMB Bank Public Company Limited	STGT	Promissory notes, bank overdraft, packing credit, letter of credit and letter of guarantee	200	11	Not more than one year from the date of issuance or the trade date (as applicable)	Bank's MOR p.a. for the bank overdraft	Limited to working capital purposes
Bangkok Bank, New York Branch	STU	Revolving facility	USD5 million	–	No expiry date	LIBOR + Fixed Rate ⁽²⁾ p.a.	Limited to working capital purposes

Notes:

- (1) Under a subsidy programme implemented by the Thai government to support expansion of production by natural rubber product manufacturers, for loans from commercial banks taken to expand our production capacity, the Thai government will subsidise our interest payments up to a rate of 3.0% p.a. of the loan amount for a period of 10 years or until 2026, whichever is earlier, provided that our usage of natural rubber is in accordance with the conditions of the subsidy programme.
- (2) Such Fixed Rate is in the range of 1.75% to 2.50% p.a..
- (3) We have entered into an interest rate swap for this loan amount. The fixed rate after applying the interest rate swap ranges from 3.35% to 3.95% p.a..

The table below sets out certain information about the material long-term and short-term facilities of PSE, which we acquired in January 2021, as at 31 December 2020:

Lender	Borrower	Type of Facility	Facility Amount (THB million, except stated otherwise)	Principal amount outstanding as at 31 December 2020 (THB million)	Date of Maturity	Interest Rate	Restrictions on Use
Bank of Ayudhya Public Company Limited	PSE	Promissory notes	80	80	Not more than 1 year from the date of issuance or the trade date (as applicable)	Fixed Rate ⁽¹⁾ p.a. for the promissory notes	Limited to working capital purposes
The Siam Commercial Bank Public Company Limited	PSE	Promissory notes and letter of guarantee	210	200	Not more than 1 year from the date of issuance or the trade date (as applicable)	Fixed Rate Range ⁽¹⁾ p.a. for the promissory notes	Limited to working capital purposes

Note:

- (1) Such Fixed Rate and Fixed Rate Range for promissory notes are in the range of 1.20% to 1.42% p.a..

The table below sets out certain information about our foreign exchange instrument facilities and interest rate swap facilities as at 31 December 2020:

Lender	Borrower	Type of Facility	Facility Amount (THB million)	Principal amount outstanding as at 31 December 2020 (THB million)	Date of Maturity	Interest Rate	Restrictions on Use
Bank of Ayudhya Public Company Limited	STGT	Foreign exchange instrument facilities and interest rate swap facilities	3,103	2,848	Not more than one year from the trade date (for foreign exchange instrument facilities) and not more than the remaining period of the long-term loan facilities (for interest rate swap facilities)	N.A.	Limited to foreign exchange hedging and interest rate swap of the long-term loan
The Siam Commercial Bank Public Company Limited	STGT	Foreign exchange instrument facilities	13,500	9,548	Not more than one year from the trade date	N.A.	Limited to foreign exchange hedging
KASIKORN BANK Public Company Limited	STGT	Foreign exchange instrument facilities and interest rate swap facilities	9,610	9,587	Not more than one year from the trade date (for foreign exchange instrument facilities) and not more than five years from the effective date (for interest rate swap facilities)	N.A.	Limited to foreign exchange hedging and interest rate swap of the long-term loan
TMB Bank Public Company Limited	STGT	Foreign exchange instrument facilities	550	–	Not more than one year from the trade date	N.A.	Limited to foreign exchange hedging

Material Borrowing Terms

Our term loan facilities contain various covenants and undertakings that limit our and certain of our subsidiaries' ability to engage in certain transactions or corporate actions (unless consent is given by the lenders), including, among others, our ability to:

- declare and pay dividends (if the principal and interest are not paid to the lender in a timely manner);
- sell, transfer or dispose of material assets;
- create encumbrances;
- provide loans, facilities or guarantees;
- decrease our paid-up share capital; and
- amalgamate, consolidate or merge with another entity.

Under the terms of our borrowings, we are required to, among others, comply with various covenants, including restrictions on change of control as well as satisfying and maintaining specified financial ratios. The restrictions on change of control as required by the long-term loans entered into with Bank of Ayudhya Public Company Limited and The Siam Commercial Bank Public Company Limited, require STA to hold (directly or indirectly) at least 50.0% of our Shares, and compliance with such restrictions will be monitored by the finance team of the Company. These financial ratios include requirements such as maintaining a minimum debt service coverage ratio. Our ability to meet those covenants may be affected by events beyond our control and there can be no assurance that we will continue to meet these financial ratios or maintain the required level of interest cover. See *“Risk Factors – Risks Relating to Our Business and Industry – We face risks associated with our loan facilities and the fluctuation of interest rates”*.

We are currently not in breach of any terms and conditions or covenants associated with any credit arrangement or bank loan which can materially affect our financial position and results or business operations, or the investment by our Shareholders.

CAPITAL EXPENDITURE

Capital Expenditure

Our capital expenditures, which refers to the cash paid for purchases of property, plant and equipment for FY2018, FY2019, FY2020 and up to the Latest Practicable Date were as follows:

(THB million)	FY2018	FY2019	FY2020	1 January 2021 to the Latest Practicable Date
Expansion of production capacity	1,207.5	2,905.3	1,702.5	1,082.0
Maintenance	328.7	275.1	352.4	228.6
Total	1,536.2	3,180.4	2,054.9	1,310.5

For FY2018, FY2019 and FY2020 and for the period from 1 January 2021 to the Latest Practicable Date, we did not have any material divestments of capital investment. For completeness, please see Note 15 of our Audited Consolidated Financial Statements, included as Appendix A to this Introductory Document, for information on our disposals of assets and machinery.

Over the next several years, we plan to invest significantly in increasing our production capacity and production by undertaking various expansion and construction projects. See “*Business – Business Strategies and Future Plans – Continually expand production capacity to support the growth of the rubber glove industry*” for further details on our proposed capital expenditures as of the Latest Practicable Date. As at the Latest Practicable Date, we have capital commitments to purchase fixed assets of THB 2,038.2 million to increase our production capacity. We intend to fund such capital expenditures by drawing down on our existing bank borrowings, internal cash resources and/or proceeds of our Thai IPO.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of business, we are exposed to various types of financial risks as described below. We actively monitor and manage these risks associated with our business activities through an experienced risk management group which is responsible for identifying, evaluating, managing and controlling such risks.

We conduct at least one meeting on a monthly basis among our department managers, CEO, CMO, CFO, and Executive Committee, to discuss the performance of operating units and factors that have affected and/or may potentially affect our business operations. Our management closely monitors the development of revenue and profit drivers, which generally include selling price development in different markets, demand and supply of gloves, new technological advancements, regulatory updates, and new sources of supply and cost saving initiatives. If our management opines that the budget set on an annual basis deviates from the original plan due to substantial changes in key factors, new sets of performance targets, as well as budget, may be revised in due course to reflect to the situation of the market and the industry.

Foreign Exchange Risk

We have transactional currency exposures arising from sales and purchases that are denominated in foreign currencies, which can fluctuate against the Baht, our functional and reporting currency. Our revenue is denominated principally in US dollars and Renminbi, while our operating costs are principally denominated in Baht.

We seek to mitigate foreign exchange risks by managing foreign currency income and expenditures in the same currency (natural hedge) as our purchases of synthetic latex, chemicals and various other raw materials are transacted in US dollars. For FY2018, FY2019 and FY2020, our US dollar expenses were equivalent to 30.7%, 28.0% and 11.9%, respectively, of our US dollar revenue. To the extent that our sales, purchases and operating costs are not naturally matched in the same currency and there are timing differences between invoicing and collections or payment, we seek to mitigate foreign exchange risks by using hedging instruments such as forward and options contracts to hedge our foreign exchange exposures arising from the sale of our products in currencies other than Baht. These contracts generally have a maturity period of one year. We do not have a formal foreign exchange hedging policy.

See Note 35.2 to our Audited Consolidated Financial Statements, included as Appendix A to this Introductory Document, for information on our significant financial assets and liabilities denominated in foreign currencies, as well as the table demonstrating the sensitivity of our profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on our profit before tax is due to changes in the fair value of monetary assets and liabilities, including non-designated foreign currency derivatives as at 31 December 2020.

Commodity Price Risk

We are subject to risks relating to the volatility in the price of raw materials such as concentrated latex and synthetic latex. Our financial results can be affected by fluctuations in the prices of our raw materials, which depend on many factors, including changes to the economy and changes to global supply and demand for concentrated latex and synthetic latex. Prices of commodities in general, including concentrated latex and synthetic latex, have been volatile, particularly in light of the COVID-19 pandemic. We closely monitor the demand and supply of, as well as the prices of concentrated latex and synthetic latex, and try to pass on an increase in raw materials costs to our customers in a timely manner. Through our long-established relationships and general negotiation power with our suppliers, our suppliers are obliged to supply us with concentrated latex at agreed specifications and quantities based on the terms of the Concentrated Latex Purchase Agreement. See *“Risk Factors – Risks Relating to Our Business and Industry – We face the risk of raw materials supply shortage and difficulty in ensuring continued supply of quality raw materials”*. We do not generally enter into any hedging arrangement or instrument to manage our commodity price risks.

Interest Rate Risk

We are exposed to interest rate risks due to the variable interest rates for our bank facilities, which include long-term loan facilities, promissory notes, revolving facilities and letter of credit facilities granted by financial institutions. Changes in economic conditions could result in fluctuation of interest rates, thereby adversely affecting our interest expense and reducing our funds available for capital investment or operations. To manage the interest rate risks, we entered into interest rate swap contracts in which we agree to exchange, at specific intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. See Note 35.2 to our Audited Consolidated Financial Statements, included as Appendix A to this Introductory Document, for information on our significant financial assets and liabilities classified by type of interest rate, as well as the table demonstrating the sensitivity of our profit before tax to a reasonably possible change in interest rates on that portion of floating rate loans from financial institutions affected as at 31 December 2020, with all other variables held constant.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures, and actual results could differ from these estimates.

Set out below are the significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements. For a summary of our significant accounting policies, see Notes 6 and 7 to our Audited Consolidated Financial Statements, included as Appendix A to this Introductory Document.

Property, Plant and Equipment

In determining depreciation of plant and equipment, our management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes. Note 7.5 to our Audited Consolidated Financial Statements, included as Appendix A to this Introductory Document, sets out the estimate useful lives and further information on our policy in respect of accounting for property, plant and equipment.

We measure land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the income approach for buildings. The valuation involves certain assumptions and estimations.

In addition, our management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

TREND INFORMATION

The following discussion about our prospects and trends include forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those that may be projected in these forward-looking statements. See “Notice to Investors – Forward-Looking Statements”.

Amid the ongoing COVID-19 pandemic, we expect global demand for rubber gloves to exceed supply in the next 12 months. Despite the roll-out of COVID-19 vaccines in many countries and the increasing supply of such vaccines from existing and new manufacturers, we do not foresee this having a significant effect on demand for rubber gloves in the short term. Concerns regarding the efficacy of such vaccines and the risk of potential mutations in COVID-19 may also continue to drive global demand for our products for medical use. Accordingly, we expect demand for our rubber gloves to sustain at high levels in the long term as we believe that rubber gloves will become standard personal protective equipment not only in developed markets like the US, the EU and Japan, but also in emerging markets.

We have also seen increased demand for our rubber gloves for non-medical uses as a result of the COVID-19 pandemic. In 2020, we experienced an increase in demand for our rubber gloves beyond the hospitals and clinics sector, in industries such as food and catering, transportation and security. We believe that demand for rubber gloves for non-medical uses will continue to increase globally.

As such, we have plans to expand our total installed capacity from approximately 33.3 billion pieces of gloves per year currently to approximately 80 billion pieces of gloves per year within the next three years.

We expect the glove industry to move towards the automation of production processes to overcome potential labour shortages, while increasing production efficiency and overall output. Accordingly, we expect that our revenues and profitability will continue to be further enhanced by our automation projects and R&D initiatives.

We believe that there will be increasing emphasis placed by customers on environmental, social and corporate governance (“ESG”) factors, and aim to prioritise business relationships that comply with international ESG standards.

Save as disclosed above and in “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Rubber Glove Industry and Prospects”, “Business – Competitive Strengths”, and “Business – Business Strategies and Future Plans” of this Introductory Document and barring any unforeseen circumstances, we are not aware of any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our revenue, profitability, liquidity or capital resources.

RUBBER GLOVE INDUSTRY AND PROSPECTS

OVERVIEW OF THE RUBBER GLOVE INDUSTRY

Rubber gloves are widely used in a variety of industries, including the medical, food, electronics and beauty industry. They are a type of personal protective equipment that helps to effectively protect against pathogens, chemicals and various contaminants. Rubber gloves can be classified into three broad categories according to main raw materials used: natural rubber, synthetic rubber and vinyl. It can also be divided into three main categories based on types of usage, as follows:

- **Medical Gloves**

These are latex gloves used for two main medical purposes:

- Latex gloves for surgical use (also known as surgical gloves) are single-use, disposable rubber gloves that are sturdy, of elbow length, produce in both left- and right-hand feature, and must be sterilised by gamma rays. The production of surgical gloves requires relatively advanced technology as a higher degree of cleanliness and quality is necessary as compared to rubber gloves used in general examinations. Surgical gloves are generally made of natural rubber.
- Latex gloves used in general examinations (also known as examination gloves) are cheaper than surgical gloves. These are designed to be unwrapped quickly, easy to put on and ambidextrous. They are also single-use and disposable, thin fit and of wrist length. Examination gloves can either be made of natural rubber, which can either be powdered or powder-free, or nitrile gloves. Powdered natural rubber gloves are cheaper than powder-free natural rubber gloves and nitrile gloves. Natural rubber gloves have better elastic properties than synthetic rubber. However, nitrile gloves are stronger, more resistant to tearing and puncture and are more resistant to chemicals, petroleum oils, various non-polar solvents and temperature changes than natural rubber gloves. Nitrile and powder-free natural rubber gloves are alternatives for wearers who are allergic to natural rubber and/or powder.

- **Industrial Gloves**

Different industries require rubber gloves with different specific characteristics. For example, in the food industry, rubber gloves may need to be more resistant to certain chemical reactions and may require specific properties to meet the standards in food production processes in different countries, such as Good Manufacturing Practice (“**GMP**”), Safety Quality Management System, Hazard Analysis and Critical Control Point (“**HACCP**”) and Halal Food Standards. In other industries such as the electronics industry, latex gloves must be thin and tight with properties that help to prevent dust particles and various contaminants from entering the electronics products.

- **Household Gloves**

These rubber gloves must be tough, durable and thick because of their frequent contact with detergents and cleaning agents. In addition, these gloves are designed to last for a long time and can be reused.

DEMAND FOR RUBBER GLOVES

The demand for rubber gloves in all industries, especially the medical industry, continues to grow. The Malaysian Rubber Glove Manufacturers Association (“**MARGMA**”) estimated that global demand for rubber gloves was 178.6 billion pieces in 2014 which grew to 300 billion pieces in 2019. In light of the increased demand amidst COVID-19 pandemic, the global demand for rubber gloves is estimated to grow to 360 billion pieces in 2020 and 420 billion pieces in 2021.

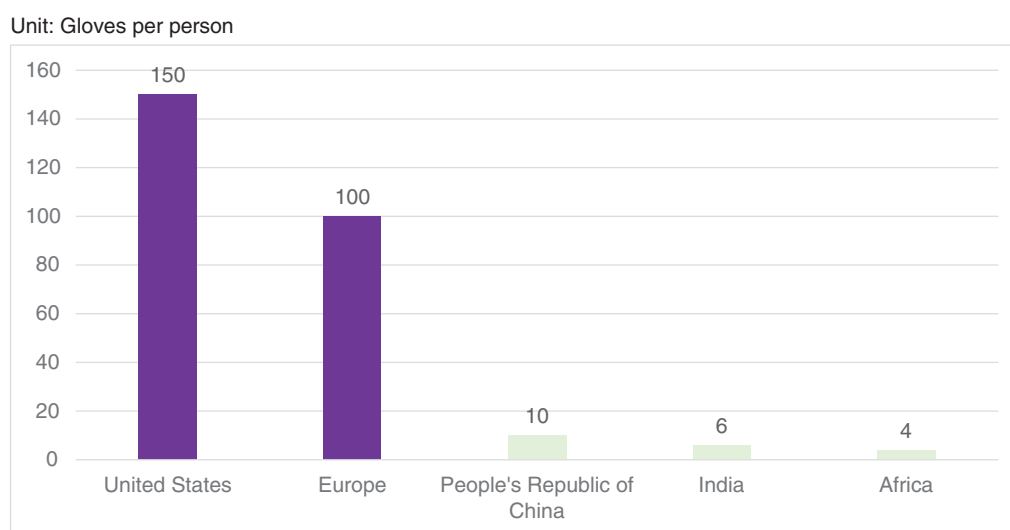
Figure 1.1: Estimated global demand for rubber gloves for 2014 – 2021¹¹



According to MARGMA, the estimated consumption of rubber gloves per capita in 2019, as shown in Figure 1.2, is higher in developed countries as compared to developing countries. In 2019, the consumption of rubber gloves per capita in developed countries such as the US and the European countries was estimated to be 150 pieces per person and 100 pieces per person respectively, while the consumption of rubber gloves per capita in developing countries, such as the PRC, India and the African countries was estimated to be 10 pieces per person, six pieces per person and four pieces per person respectively. This shows that the consumption of rubber gloves in these developing countries has the potential to grow significantly due to their economic growth and increasing awareness of the importance of sanitation systems. Growth in the use of rubber gloves is not limited to only medical purposes, but also includes the use of rubber gloves in other industries such as the food and electronics industries.

¹¹ Source: MARGMA Industry Brief for the respective year, except for the information that MARGMA estimated global glove demand to reach 360 billion pieces in 2020, which was extracted from the New Straits Times article dated 23 December 2020. MARGMA has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such information.

Figure 1.2: Estimate consumption of rubber gloves per capital in certain developed and developing countries in 2019¹²



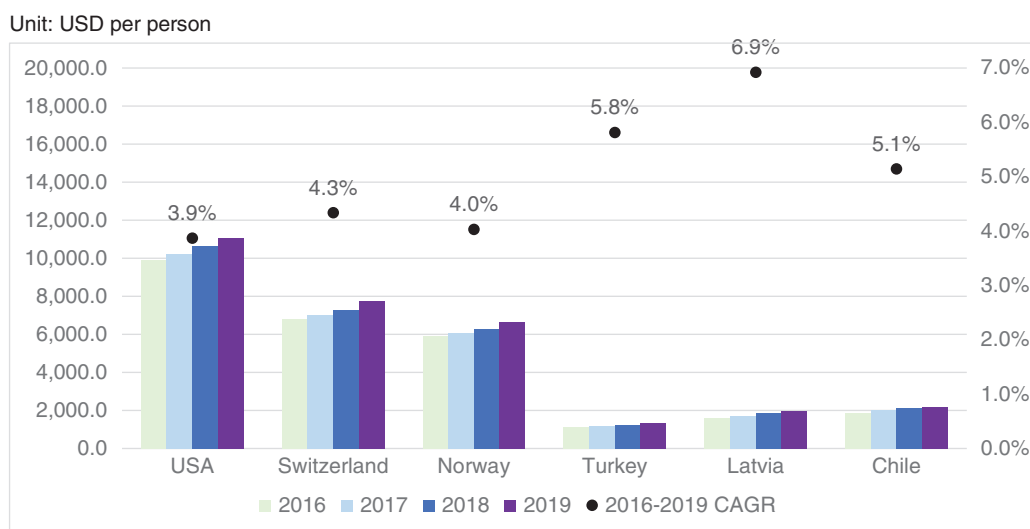
The Company regards the following as key industry drivers:

(i) Growth in healthcare spending

The growth of the healthcare industry globally is a key contributor to the increase in global demand for rubber gloves as such gloves are essential for the provision of medical services, for instance in disease screening, diagnostic laboratory tests and medical treatment procedures. The growth trend of the healthcare industry globally is evident from the rising healthcare spending per capita in many countries from 2016 to 2019. The Organisation for Economic Co-operation and Development (“OECD”) reported that the healthcare spending per capita in the 37 OECD countries sampled showed an average compound annual growth rate (“CAGR”) of 4.8% from 2016 to 2019. Figure 1.3. provides healthcare spending per capita in selected OECD countries. The countries with high healthcare expenditures are generally the developed countries, such as the US and the European countries. The top three OECD countries with the highest healthcare spending per capita were the US, Switzerland and Norway where in 2019, the healthcare spending per capita was USD 11,072 per person, USD 7,732 per person and USD 6,647 per person, respectively. Certain OECD countries such as Turkey, Latvia and Chile, while their healthcare spending per capita were low, they have experienced higher 2016 – 2019 CAGR than the average CAGR of the 37 OECD countries.

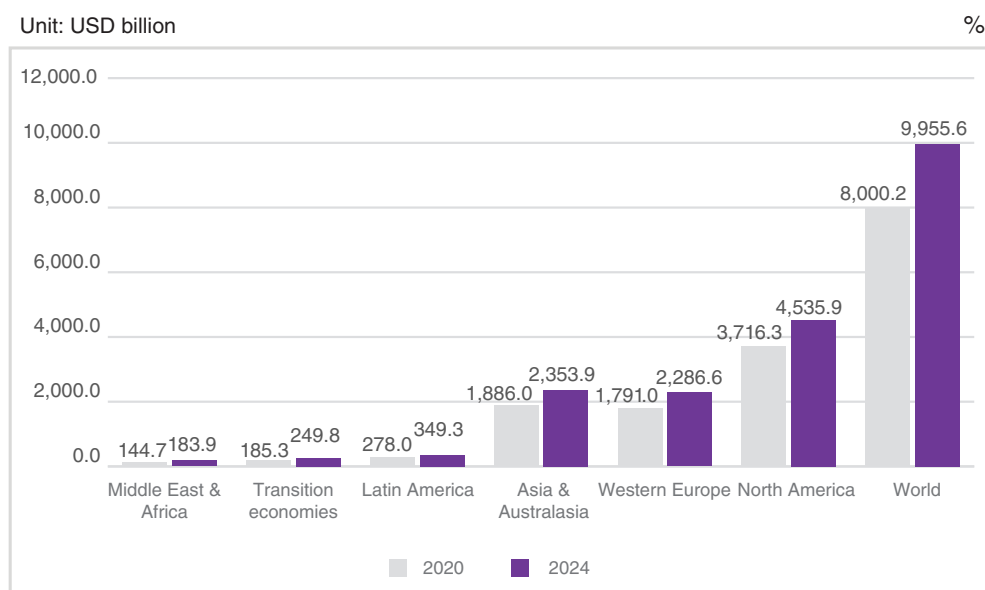
¹² Source: MARGMA Industry Brief 2019. MARGMA has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such information.

Figure 1.3: Healthcare spending per capita in selected OECD countries during the years 2016 – 2019¹³



Based on the report issued by The Economist Intelligence Unit, the global healthcare spending is forecasted to grow from USD 8,000.2 billion in 2020 to USD 9,955.6 billion in 2024. Over the forecast period of 2020 to 2024, Western Europe, Asia and Australasia, and the Middle East and Africa are expected to grow at a higher CAGR than the CAGR of the world¹⁴, as shown in Figure 1.4.

Figure 1.4: Healthcare spending estimates for 2020 and 2024¹⁵



¹³ Source: OECD (2021), Health spending (indicator). <https://doi.org/10.1787/8643de7e-en> (accessed on 1 May 2021). OECD has not provided its consent to the inclusion of the information cited to it in this section and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such information.

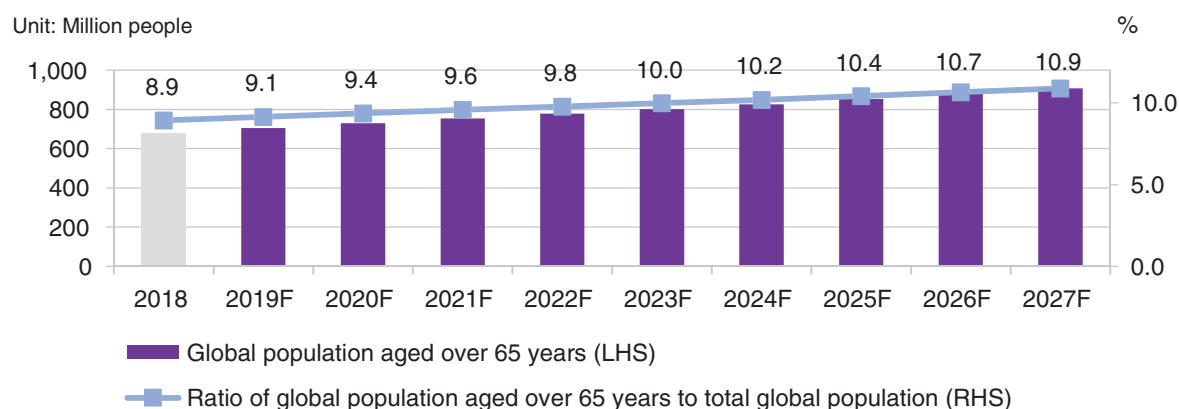
¹⁴ This refers to 60 countries covered by the Economist Intelligence Unit's industry service.

¹⁵ Source: The Economist Intelligence Unit (October 2020), World Industry Outlook – Healthcare and Pharmaceuticals. The Economist Intelligence Unit has not provided its consent to the inclusion of the information cited to it in this section and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such information.

(ii) Growing Ageing Populations

The OECD predicts that the percentage of people over 65 years old globally as compared to the global population will increase from 8.9% in 2018 to 10.9% in 2027, which represents a CAGR of 3.2% for population over age of 65 years old for the period 2018-2027, as shown in Figure 1.5. The increase in the number of elderly people worldwide is a key factor in the continued growth of the healthcare industry as the elderly population is more likely to need medical services and have more healthcare-related expenditure than populations in the younger age groups.

Figure 1.5: Estimates of population over the age of 65 worldwide and their ratio to the global population for the period 2018 – 2027¹⁶



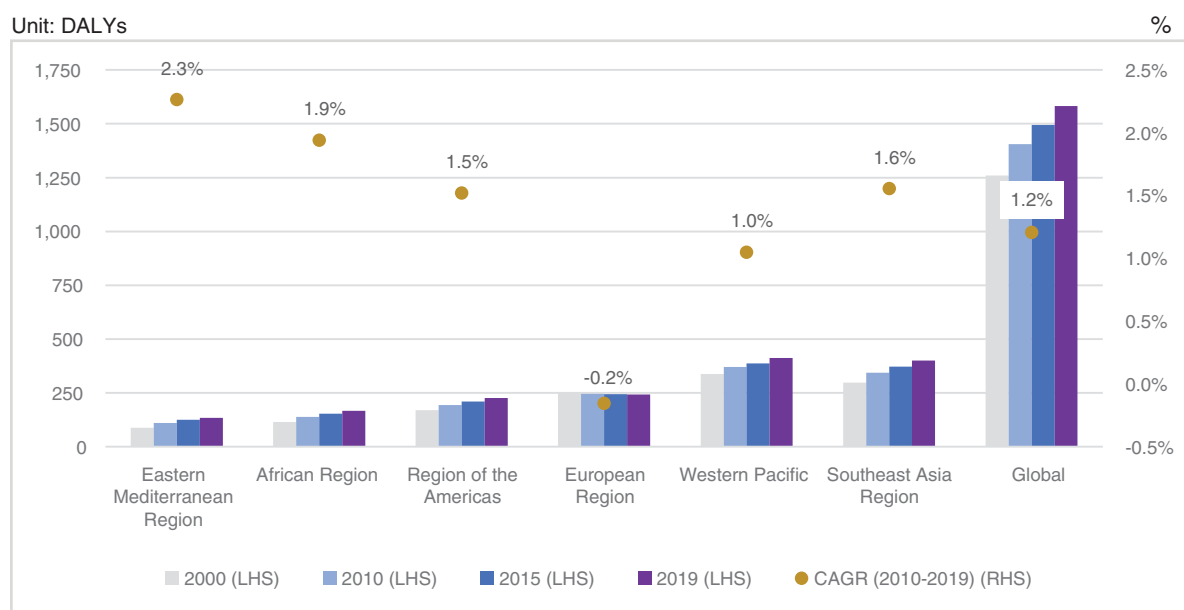
(iii) Rising Rate of Non-communicable Diseases (“NCD”)

According to World Health Organisation’s fact sheet on NCDs published on 13 April 2021, NCDs killed an estimated 41 million people each year. This accounts for approximately 71.0% of all deaths globally. The major diseases among the NCDs include cardiovascular diseases, cancers, respiratory diseases and diabetes. The overall burden of disease is assessed using the disability-adjusted life years (“DALY”) index, a time-based measure that combines years of life lost due to premature mortality and the years of life lost due to time lived in states of less than full health, or years of healthy life lost due to disability. For example, 1 DALY represents the loss of the equivalent of one year of full health. Figure 1.6 shows that during the period between 2000 and 2019, DALYs caused by NCDs globally increased by a CAGR of 1.2%, with the highest increase in NCDs being in the Eastern Mediterranean countries, which in 2000-2019 collectively had an CAGR of 2.3% in DALYs caused by NCDs.

Along with the rising rate of NCDs globally, it is expected that there will be increased demand for medical services which would result in an increasing demand for rubber gloves.

¹⁶ Source: OECD (2021), Demography and Population, National Statistics Offices, Eurostat and the United Nations. <https://stats.oecd.org/> (accessed on 1 May 2021). OECD has not provided its consent to the inclusion of the information cited to it in this section and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such information.

Figure 1.6: DALYs caused by NCDs of the world population in the years 2000, 2010, 2015 and 2019¹⁷



(iv) Outbreak of Deadly Contagious Diseases

The outbreak of deadly contagious diseases is a key factor in rising healthcare costs as it causes the costs of medical equipment and supplies to rise to meet the increased demand during the outbreak.

Over the past 20 years, the world has faced a number of major outbreaks of contagious diseases, such as the outbreak of Severe Acute Respiratory Syndrome (“**SARS**”) in 2003, the Influenza A (H5N1) in 2004, the Influenza A (H1N1) in the period between 2009 and 2010, followed by the Middle East Respiratory Syndrome (“**MERS**”) outbreak in 2012.

The world is currently facing another serious pandemic. COVID-19 emerged in late 2019 and rapidly spread across the world, including across countries in the Asia Pacific, Europe and the US. At present, the pandemic has not been brought under full control and infections continue to be reported across the world. The ongoing COVID-19 pandemic has greatly increased demand for medical gloves.

¹⁷ Source: Global Health Estimates 2019: Disease burden by Cause, Age, Sex, by Country and by Region, 2000-2019. Geneva, World Health Organisation; 2020. WHO has not provided its consent to the inclusion of the information cited to it in this section and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such information.

HISTORY AND CORPORATE STRUCTURE

HISTORY

Our Company was formed on 1 April 2019 through the Amalgamation of Sri Trang Gloves (Thailand) Co., Ltd. and Thaikong Public Company Limited.

Sri Trang Gloves (Thailand) Co., Ltd. was incorporated on 9 January 1989 under the name “Siam Sempermed Corporation Limited” as a joint venture between STA and Semperit Technische Produkte Gesellschaft mbH (“**Semperit**”). The primary business of Siam Sempermed Corporation Limited was the manufacture and distribution of rubber gloves for healthcare and other industrial purposes. In March 2017, STA acquired Semperit’s stake in Siam Sempermed Corporation Limited and the name of the company was changed to “Sri Trang Gloves (Thailand) Co., Ltd.”.

In August 2018, the board of directors of STA passed a resolution approving the investment by STA in Thaikong, a company which was also in the rubber glove manufacturing business, by means of an Amalgamation of Sri Trang Gloves (Thailand) Co., Ltd. and Thaikong to form a new company. In March 2019, the Amalgamation was approved by the shareholders of Sri Trang Gloves (Thailand) Co., Ltd. and Thaikong at a joint meeting of shareholders. On 1 April 2019, the Amalgamation was registered with the MOC and our Company was formed under the name “Sri Trang Gloves (Thailand) Public Company Limited” as a result. By operation of law, from the registration date, our Company assumed all assets, liabilities, rights, duties and responsibilities of both Sri Trang Gloves (Thailand) Co., Ltd. and Thaikong.

In order to further consolidate the rubber gloves business of the STA Group under our Company, in June 2019, our Company acquired a 100.0% shareholding interest in SDME from STC, a subsidiary of STA. In September 2019, our Company acquired a 100.0% shareholding interest in STU from STA. SDME and STU are engaged in distributing rubber gloves in the PRC and the US respectively. In January 2021, our Company acquired an aggregate 99.9992% shareholding interest in PSE from STA and RBL and a 99.9985% shareholding interest in PS from STA, forming the present Group. PSE is principally engaged in the business of providing engineering services primarily to our Company and the STA Group, while PS does not have business operations, but holds land on which we intend to construct a glove factory.

In June 2020, we undertook an initial public offering exercise in Thailand (the “**Thai IPO**”), and on 2 July 2020, our Shares were primary listed on the SET under the symbol “STGT”.

A summary of our Group’s key corporate milestones is set out below.

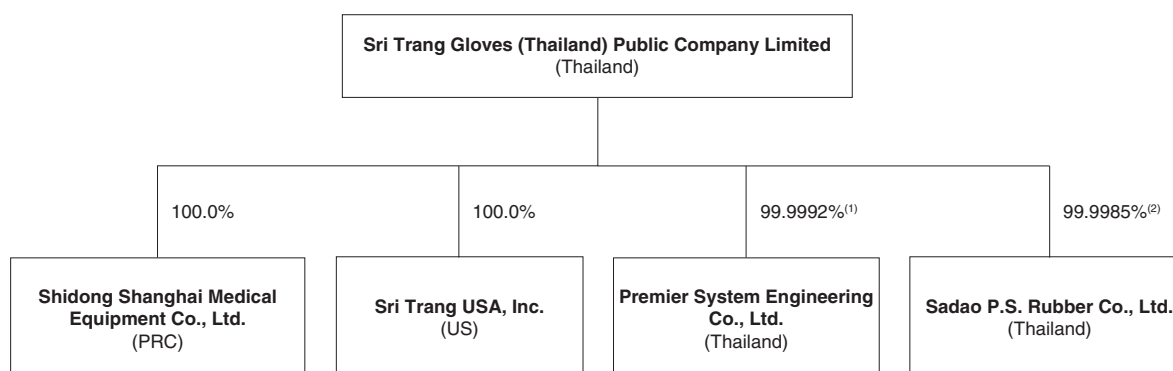
Year	Milestone
1989	<ul style="list-style-type: none">• Sri Trang Gloves (Thailand) Co., Ltd. was incorporated on 9 January 1989 under the name “Siam Sempermed Corporation Limited” as a 50-50 joint venture between STA and Semperit. The primary business of Siam Sempermed Corporation Limited was the manufacture and distribution of rubber gloves for healthcare and other industrial purposes.• Our Hat Yai factory had four production lines to produce powdered natural rubber gloves.
1993	<ul style="list-style-type: none">• Commenced production and distribution of powder-free natural rubber gloves. Production capacity at our Hat Yai factory was expanded to 18 production lines.• Achieved a production milestone of 1,000 million pieces of rubber gloves.
1996	<ul style="list-style-type: none">• Obtained ISO 9001:1994 certification (relating to quality management systems) for our Hat Yai factory.

Year	Milestone
1997	<ul style="list-style-type: none"> • Production capacity at our Hat Yai factory was expanded to 40 production lines.
1998	<ul style="list-style-type: none"> • Incorporated a subsidiary, Sempermed USA, Inc., in the US, to operate the business of distributing our rubber gloves in the US.
1999	<ul style="list-style-type: none"> • Production capacity at our Hat Yai factory was expanded to 60 production lines. Commenced production and distribution of nitrile gloves.
2002	<ul style="list-style-type: none"> • Acquired 100.0% shareholding interest in Shanghai Sempermed Glove Sales Co., Ltd., a company incorporated in the PRC, which operated a vinyl glove manufacturing and distribution business in the PRC.
2003	<ul style="list-style-type: none"> • Obtained ISO 13485:1996 certification (relating to medical device quality management systems) for our Hat Yai factory.
2005	<ul style="list-style-type: none"> • Production capacity at our Hat Yai factory was expanded to 78 production lines.
2007	<ul style="list-style-type: none"> • Obtained ISO 13485:2003 certification (relating to medical device quality management systems) and ISO/IEC 17025:2005 certification (relating to laboratory accreditation) for our Hat Yai factory.
2008	<ul style="list-style-type: none"> • Obtained GMP certification for our Hat Yai factory.
2009	<ul style="list-style-type: none"> • Production capacity at our Hat Yai factory was expanded to 84 production lines.
2011	<ul style="list-style-type: none"> • Our Surat Thani factory commenced commercial production.
2012	<ul style="list-style-type: none"> • Obtained ISO 9001 certification (relating to quality management systems) and ISO 13485:2003 certification (relating to medical device quality management systems) for our Surat Thani factory. • Production capacity at our Surat Thani factory was 12 production lines.
2013	<ul style="list-style-type: none"> • Obtained GMP certification for our Surat Thani factory. • Production capacity at our Surat Thani factory was expanded to 14 production lines.
2014	<ul style="list-style-type: none"> • Thaikong was incorporated on 23 December 2014.
2015	<ul style="list-style-type: none"> • Obtained Personal Protective Equipment (PPE) and Medical Device Directive (MDD) certifications for our Hat Yai and Surat Thani factories and ISO 22000:2005 certification (relating to food safety management systems) for our Hat Yai factory.
2016	<ul style="list-style-type: none"> • Obtained ISO/IEC17025:2005 certification (relating to laboratory accreditation) for our Surat Thani factory. • Our Trang factory commenced commercial production of powdered natural rubber gloves, with 12 production lines.
2017	<ul style="list-style-type: none"> • On 15 March 2017, STA acquired Semperit's entire 50.0% stake in Siam Sempermed Corporation Limited. On the same date, Sri Trang Gloves (Thailand) Co., Ltd. sold all of its shares in Shanghai Sempermed Glove Sales Co., Ltd. and 50.0% of its shares in Sempermed USA, Inc. to Semperit. • On 16 March 2017, the name of Siam Sempermed Corporation Limited was changed to "Sri Trang Gloves (Thailand) Co., Ltd." • Obtained ISO 14001:2015 certification (relating to environmental management systems) for our Surat Thani factory.
2018	<ul style="list-style-type: none"> • Production capacity at our Hat Yai factory was expanded to 90 production lines. • Production capacity at our Surat Thani factory was expanded to 21 production lines.

Year	Milestone
2019	<ul style="list-style-type: none"> On 1 April 2019, the Amalgamation was registered with the MOC and our Company was formed under the name “Sri Trang Gloves (Thailand) Public Company Limited”. In June 2019, acquired 100.0% shareholding interest in SDME from STC, a subsidiary of STA. In September 2019, acquired 100.0% shareholding interest in STU from STA. Production capacity at our Hat Yai factory was expanded to 94 production lines. Production capacity at our Trang factory was expanded to 17 production lines.
2020	<ul style="list-style-type: none"> Production capacity at our Hat Yai factory was expanded to 100 production lines. Production capacity at our Trang factory was expanded to 24 production lines. Obtained ISO 13485:2016 (Medical Device Single Audit Program) (relating to medical devices quality management systems to meet regulatory requirements of Australia, Brazil, Canada, US and Japan) for our Hat Yai and Surat Thani factories. In June 2020, undertook an initial public offering exercise in Thailand and on 2 July 2020, our Shares were primary listed on the SET.
2021	<ul style="list-style-type: none"> On 7 January 2021, our Company acquired an aggregate 99.9992% shareholding interest in PSE from STA and RBL and a 99.9985% shareholding interest in PS from STA, forming our present Group.

CORPORATE STRUCTURE

The following diagram illustrates our corporate structure:



Notes:

- (1) We hold 499,996 shares in PSE representing a shareholding interest of 99.9992%. The remaining four shares in PSE are held by two individuals, a director of PSE and an unrelated party to our Group, who respectively hold three shares and one share in PSE.
- (2) We hold 399,994 shares in PS representing a shareholding interest of 99.9985%. The remaining six shares in PS are held by Mr. Anek Pruksanusak, Mr. Chaidet Pruksanusak, Dr. Viyavood Sincharoenkul, Mr. Somwang Sincharoenkul, Mrs. Promsuk Sinchareonkul and Mr. Kitichai Sincharoenkul, each of whom holds one share in PS. Mr. Anek Pruksanusak and Mr. Chaidet Pruksanusak are brothers of Mr. Anan Pruksanusak, our Executive Director, while Mr. Somwang Sincharoenkul is the father of Mr. Kitichai Sincharoenkul, our Vice Chairman and Non-executive Director, and Dr. Viyavood Sincharoenkul, our Non-executive Director, and Mrs. Promsuk Sinchareonkul is the mother of Mr. Veerasith Sinchareonkul and Mr. Vitanath Sincharoenkul.

The following table sets out certain information on our subsidiaries:

Name	Country of Incorporation/ Constitution	Principal Place of Business	Principal Activities	Proportion of Ownership Interest/ Voting Rights
Shidong Shanghai Medical Equipment Co., Ltd.	PRC	PRC	Distribution of rubber gloves in the PRC	100.0%
Sri Trang USA, Inc.	US	US	Distribution of rubber gloves in the US	100.0%
Premier System Engineering Co., Ltd.	Thailand	Thailand	Provision of engineering services principally to our Company and the STA Group	99.9992%
Sadao P.S. Rubber Co., Ltd.	Thailand	Thailand	Holding and lease of land to our Company	99.9985%

BUSINESS

OVERVIEW

Our Group is engaged in the business of manufacturing and distributing rubber gloves for medical use and use in other industries. Our main products comprise powdered natural rubber gloves, powder-free natural rubber gloves and nitrile gloves. Most of the rubber gloves that we manufacture and distribute are natural rubber gloves for medical use. Our products have been exported to more than 140 countries worldwide, including countries in North America, South America, Europe, Asia Pacific, the Middle East, Africa and Oceania.

As of the Latest Practicable Date, we have three production plants, namely: (a) our Hat Yai factory located in Hat Yai District, Songkhla Province; (b) our Surat Thani factory located in Kanchanadit District, Surat Thani Province; and (c) our Trang factory located in Kantang District, Trang Province, which have a total of 147 production lines and an installed capacity of approximately 33.3 billion pieces of gloves per year. We believe this makes us the largest rubber glove manufacturer in Thailand and the third largest in the world.

OUR PRODUCTS

Our products comprise natural rubber gloves and nitrile gloves:

(a) Natural Rubber Gloves

Natural rubber gloves are produced using concentrated latex. The characteristics of natural rubber gloves include flexibility and wearing comfort. As compared to nitrile gloves, natural rubber gloves are biodegradable and therefore more environmentally-friendly. The natural rubber gloves that our Company produces and sells can be categorised into the following two types:

- (i) ***Powdered natural rubber gloves.*** These are natural rubber gloves that are coated with powder on the inside to help the wearer put them on more easily. In most cases, cornstarch is used as it is non-toxic and food safe. Powdered natural rubber gloves are usually less expensive as compared to powder-free natural rubber gloves and nitrile gloves as they are less complex to manufacture.
- (ii) ***Powder-free natural rubber gloves.*** These are natural rubber gloves that are manufactured using a technology to coat the interior of the gloves to facilitate ease of wearing without the use of powder.

(b) Nitrile Gloves

Nitrile gloves are rubber gloves produced using nitrile butadiene rubber, a synthetic latex. Nitrile gloves are strong, resistant to tears and punctures, and more resistant to chemicals and temperature changes than natural rubber gloves. They also provide an alternative for users who are allergic to proteins found in natural rubber latex. Our Company only manufactures powder-free nitrile gloves.

The natural rubber gloves and nitrile gloves which our Company manufactures and sells can be further classified into two main categories according to their use, namely: (i) medical use; and (ii) industrial use (such as in the food, beauty, electronic and agriculture industries). Depending on their use, each type of rubber glove may be manufactured with different specifications. We have the ability to manufacture natural rubber gloves and nitrile gloves according to a wide range of specifications, including size, weight, thickness, length, contact surface and other special properties to meet the needs of our customers. The rubber gloves we manufacture and distribute are primarily rubber gloves for medical use.

The sale of powdered natural rubber gloves, powder-free natural rubber gloves and nitrile gloves as a percentage of our Group's total revenue from the sale of rubber gloves in FY2018, FY2019 and FY2020 is set out below:

	As a % of our Group's total revenue from the sale of rubber gloves		
	FY2018	FY2019	FY2020
Powdered natural rubber gloves	31.3	35.6	35.8
Powder-free natural rubber gloves	27.9	26.7	24.0
Nitrile gloves	40.8	37.7	40.2
Total	100.0	100.0	100.0

At present, we distribute the gloves we manufacture to domestic and overseas customers both under: (a) the trademarks of our Group; and (b) third party labels where we are engaged as an OEM. Our material trademarks include “ศรีตรังโกลฟส์”, “SRI TRANG GLOVES”, “Satory”, “I'M GLOVE”, “ฟิน”, “Super Care”, “WELLGUARD”, “Super Gard”, “Sriex”, “SRITECH”, “施睿康” and “Ventyv”, among others. See “*Business – Sales and Marketing*” and “*Business – Intellectual Property*” for further details.

The following are examples of natural rubber gloves which we manufacture and market under our brands:

ศรีตรังโกลฟส์ and SRI TRANG GLOVES



Satory



I'M GLOVE



ฟิน



Super Care



WELLGUARD



Super Gard



Sriex



SRITECH



施睿康



The following are examples of nitrile gloves which we manufacture and market under our brands:

ศรีตรังโกลฟส์ and SRI TRANG GLOVES



Satory



I'M GLOVE



Super Care



Super Gard



Sriex



SRITECH



施睿康



Ventyv



OUR PRODUCTION PROCESS

Procurement of Raw Materials and Other Inputs

We procure raw materials required for the manufacture of our rubber gloves from the STA Group as well as unrelated third party suppliers. We have a process for selecting our suppliers, whereby both existing and new suppliers are reviewed on a regular basis based on criteria such as raw materials quality, price, delivery and service. We also take into consideration each supplier's ability and willingness to cooperate with us in developing new products. We aim to ensure that we have access to a wide variety of raw materials sources and that the raw materials we use have the quality and properties we require for our production.

The main raw materials we use in our production are concentrated latex, synthetic latex, chemicals and packaging:

(a) Concentrated Latex

Concentrated latex is the main raw material used in our production of natural rubber gloves. We purchase concentrated latex at the specifications we require from companies within the STA Group, namely STA, RBL and NHR, pursuant to the Concentrated Latex Purchase Agreement entered into between us and them. See "*Business – Major Suppliers*" for further details of the Concentrated Latex Purchase Agreement. This allows us to efficiently plan our production. In addition, our Hat Yai and Surat Thani factories are located in close proximity to these suppliers' concentrated latex factories, which reduces our transportation and raw materials storage costs in comparison to our competitors because we are able to procure concentrated latex on a timely basis when required. Our suppliers test each batch of concentrated latex supplied to us and provide a certification in respect of each batch that the concentrated latex meets our requested specifications. We are also able to access the quality testing laboratories of our suppliers to inspect and test the quality of the concentrated latex at any time, ensuring that the concentrated latex used in our production meets our requirements.

Through this supply arrangement, we have also been able to collaborate with the STA Group to conduct R&D and develop new forms of concentrated latex. For example, we and the STA Group have jointly developed a form of concentrated latex that has been certified by the Forest Stewardship Council ("**FSC**"), an internationally recognised forest management organisation. The FSC certification verifies that the concentrated latex that we use in our production has been supplied from rubber plantations that are environmentally and socially responsible.

Further, if we detect problems in our production process, such as with respect to the quality of the rubber gloves we produce, procuring concentrated latex from the STA Group, being related parties of our Group, gives us an advantage in being able to more effectively trace the root cause of the problem as we are able to quickly examine the quality of the concentrated latex, allowing any problems to be solved in a timely manner. Moreover, the purchase of concentrated latex from the companies within the STA Group also allows us to receive information about market movements and trends in the price of concentrated latex, giving us an advantage in setting the selling prices of our natural rubber gloves and planning effective marketing strategies.

(b) Synthetic Latex

Synthetic latex is the main raw material used in our production of nitrile gloves. We purchase synthetic latex from multiple foreign sellers at competitive prices. We inspect each shipment of synthetic latex we receive before they are accepted for use in production to ensure that the synthetic latex used in our production meets our quality requirements and does not affect the quality of our product.

(c) Chemicals

The main chemicals used in the production of rubber gloves are cornstarch (used only in the manufacture of powdered natural rubber gloves), vulcanising agents, activators, stabilisers, accelerators, antioxidants to prevent rubber deterioration from oxidation, coagulants, releasing agents and filler (used only in the manufacture of natural rubber gloves). We purchase chemicals at the specifications we require and from multiple local and foreign sellers.

(d) Hand Former (Glove Mould)

We use hand-shaped glove moulds to form our rubber gloves. We replace our glove moulds as and when they reach the end of their useful life. Substantially all of our glove moulds are imported. We purchase these gloves moulds at the specifications we require.

(e) Packaging

We use two main types of packaging: (i) packaging made from duplex paper (inner box) which is used to contain the rubber gloves we produce; and (ii) corrugated boxes which we use as outer packaging (outer box). We purchase packaging according to the specifications required by our customers where we are contracted as an OEM, and according to the specifications we require where the gloves are being manufactured under our trademarks.

(f) Energy and Utilities

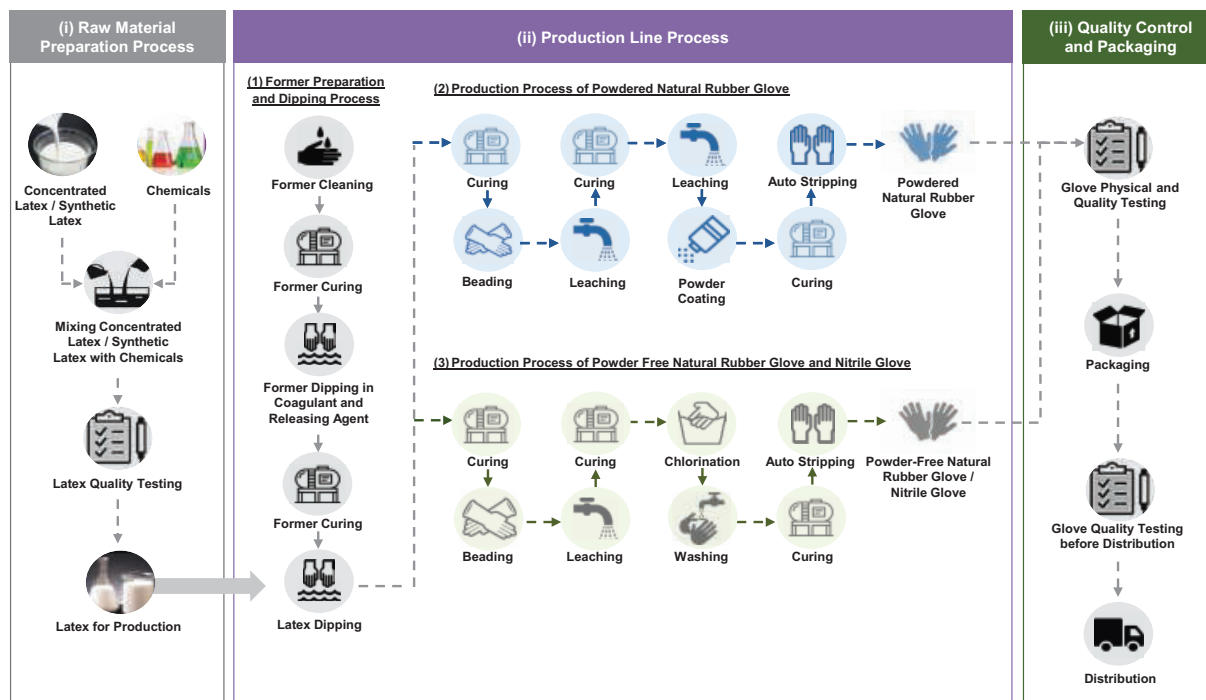
We rely on the following energy sources and utilities for our manufacturing process: (i) thermal energy generated from the burning of woodchips; (ii) electricity, to power the machinery used in our manufacturing process; and (iii) water, which we use in our raw materials preparation and production line processes.

We procure firewood used to generate thermal energy from ANV, a company within the STA Group, at a mark-up cost to cover the related operating expenses of ANV. We have entered into a purchase agreement with ANV to ensure that we are able to procure firewood in the quantities we require on a continuous and consistent basis, allowing us to efficiently plan production. We purchase electricity from the Provincial Electricity Authority. For industrial water, we pump groundwater, which we treat to make it suitable for use in our production process. We have obtained, in respect of all our factories, the required permits from the relevant authorities for the drilling and use of groundwater.

Manufacturing

The manufacturing process for our natural rubber gloves and nitrile gloves consists of three main processes: (a) the raw materials preparation process; (b) the production line process; and (c) quality control and product packing. The manufacturing process for powdered natural rubber gloves involves specific steps in the production line process that differ from the manufacturing process for powder-free natural rubber gloves and nitrile gloves.

The diagram below sets out a summary of the manufacturing process for our rubber gloves:



Preparation of Raw Materials

At this stage, latex from our suppliers is loaded into the compound tank and mixed with chemicals. Water is added to the latex to achieve the desired concentration, followed by chemicals such as stabiliser, vulcanising agent (which is a substance that vulcanises, or hardens, and cross-links with rubber), activator, accelerator and filler (only used in the manufacture of natural rubber gloves), after which an antioxidant is also added. The amount of latex and various chemicals used may differ depending on the type of rubber glove. In addition, other chemicals may be added to improve the quality, shelf life or other specific properties of the rubber gloves in order to meet the specific requirements of customers.

Each chemical must be mixed well with the latex before the next chemical is added. When mixing latex with chemicals, the resultant latex mixture must be cured to ensure that the chemicals are evenly distributed and that the mixture is homogeneous, such that the latex has a uniform viscosity. This will in turn ensure that the gloves produced from such latex will have a uniform consistency. The latex that has been mixed with chemicals must pass quality control tests such as the concentration of latex before being processed on the production line.

Production Line Processes

Preparation of Former and Latex Dipping

In the production line, the formers are cleaned, dried and subsequently coated with a latex film, as described below:

- Cleaning.** The hand-shaped glove formers are cleaned using acid and alkali, then rinsed with clean water. This is an important step in the rubber glove manufacturing process to remove dirt and other solid residues from the formers because if there is any contaminant on the formers during production, the rubber gloves produced might leak.
- Drying.** After being washed, the formers will be put into the dryer to dry completely.

- (c) **Dipping in coagulant and releasing agent.** After the formers have dried, they are immersed in a mixture of coagulant and releasing agent, which helps rubber particles coagulate and prevent the rubber gloves from sticking to the formers when being removed from the formers. The formers need to be at a suitable temperature before they can be dipped into the mixture (to prevent the latex from coagulating) and the coagulant and releasing agent must be constantly stirred in the tank to prevent sedimentation.
- (d) **Drying.** The formers are again dried, this time to dry the coagulant and releasing agent which have coated the formers.
- (e) **Dipping in latex.** The formers are dipped in a tank of latex mixed with various chemicals (prepared during the raw materials preparation stage, as described above) to coat the formers with a latex film. The key factors affecting the quality of the rubber gloves at this stage are the temperature of the formers, the dipping speed and the concentration and temperature of latex in the tank.

Production of Rubber Gloves

After the formers have been coated with a latex film, the rubber gloves are finished through the following processes:

- (a) **Curing.** Curing is the process by which heat is used to evaporate the water in the latex film to dry it, while retaining the shape of the rubber gloves. This also allows for easy removal of the rubber gloves from the formers.
- (b) **Beading.** Following curing, the cuffs of the rubber gloves are rolled up to form a rolled edge or a bead, which helps wearers to put on the rubber gloves more easily. In addition, the rolled edge also helps to protect against chemicals or other impurities from coming into contact with the wearer.
- (c) **Leaching.** Clean water is used to wash off chemicals from the surface of the latex and reduce the amount of protein in natural rubber gloves. This prevents a sticky residue, reduces skin irritation to wearers and discolouration of the rubber gloves when exposed to sunlight, as well as strengthens the rubber gloves.
- (d) **(Production of powdered natural rubber gloves) Powder coating.** Powder coating facilitates removal of the rubber gloves from the formers. Further, the process of powder coating also makes it easier for wearers to put on the rubber gloves. We use food-grade cornstarch in our production process to ensure that our powdered natural rubber gloves meet food safety standards and do not contain harmful substances.
- (e) **(Production of powder-free natural rubber gloves and nitrile gloves) Chlorination and Washing.** The rubber gloves are dipped in chlorine solution to provide a slippery coat on the surface of the gloves that does not stick together, allowing the gloves to be put on and taken off easily without the use of cornstarch. The rubber gloves are then rinsed with clean water to remove any residual chlorine solution.
- (f) **Automated stripping.** The formed rubber gloves are removed from the formers and turned over via an automated process, after which they are ready for use.

Quality Control and Packaging

After the rubber gloves have been processed in the production line, we will inspect their physical properties such as size, weight and quality before packing. The rubber gloves are tested for leakage using air and water leak tests. We also test their tensile strength, starch content (in the

case of powdered natural rubber gloves) and the beading. We conduct sample testing in accordance with the Acceptable Quality Level (“AQL”) standard to separate batches of rubber gloves according to quality, to ensure that we comply with the AQL requirements of each industry and country in which our rubber gloves are being sold. Thereafter, the rubber gloves are packaged under the relevant trademarks.

Following packaging, we conduct a further round of quality inspection. However, different testing criteria may be used depending on the specifications of the customer and the relevant industry standards and international standards. Our quality control division will separate, keep a record of and analyse the rubber gloves that do not meet the relevant standards to identify deficiencies and recommend improvements to our manufacturing process.

Product Delivery

We engage third parties to carry out the delivery of our finished products.

For the delivery of our products within Thailand and for export, we engage the freight forwarding services of Starlight Express Transport Company Limited (“STL”), a company within the STA Group which specialises in the transportation of goods within Thailand, including the provision of related services such as customs clearance, applying for tax incentives, as well as the preparation of paperwork and coordinating with the relevant governmental and private agencies, for the entire delivery process up to the completion of delivery.

For the delivery of our products internationally, we engage shipping companies with expertise in ocean freight shipping which may be selected by us or the customer, depending on the commercial terms agreed between us and the customer.

PRODUCTION FACILITIES AND CAPACITY

As at the Latest Practicable Date, we have a total of three rubber glove factories located in Thailand, with a total of 147 integrated production lines and an estimated installed capacity of approximately 33.3 billion⁽¹⁾ pieces of rubber gloves per year.

The following table sets out information of our capacity and utilisation rates of our factories for FY2018, FY2019 and FY2020:

Factory	Location of Factory	Products Produced	Number of Production Lines (As of 31 December 2020)	Estimated Technical Capacity ⁽²⁾ (Million Pieces per Year)			Actual Production (Million Pieces per Year)			Utilisation Rate ⁽³⁾ (%)		
				FY2018	FY2019	FY2020	FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
Hat Yai factory	Hat Yai District, Songkhla Province, Thailand	Powdered and powder-free natural rubber gloves, and nitrile gloves	100	11,566	13,017	16,009	11,164	11,774	15,339	96.5%	90.4%	95.8%
Trang factory	Kantang District, Trang Province, Thailand	Powdered natural rubber gloves	24	1,530 ⁽⁴⁾	4,654	9,068	1,104 ⁽⁴⁾	3,986	8,503	72.2%	85.6%	93.8%
Surat Thani factory	Kanchanadit District, Surat Thani Province, Thailand	Powder-free natural rubber gloves and nitrile gloves	21	4,798	4,995	5,068	3,811	4,325	4,607	79.4%	86.6%	90.9%
Total			145	17,894	22,666	30,145	16,079	20,084	28,449	89.9%	88.6%	94.4%

Notes:

- (1) Estimated based on the factory's annualised installed capacity as at the Latest Practicable Date.
- (2) Calculated based on the machine's installed capacity, taking into account the estimated total number of working days, downtime for the maintenance of machinery and equipment and the amount of time needed to complete one cycle of production.

- (3) Calculated using the factory's actual production volume during the relevant year divided by the estimated technical capacity.
- (4) Calculated using the technical capacity and actual production from 16 August 2018 to 31 December 2018, in line with the accounting treatment where Thaikong was accounted for as part of our Group on 16 August 2018.

We continue to pursue capacity expansion by building new facilities that feature more efficient and technologically-advanced production lines. See “*Business – Business Strategies and Future Plans – Continually expand production capacity to support the growth of the rubber glove industry*” for further details.

Maintenance of Machinery and Equipment

Maintenance of our rubber glove factories is planned and budgeted for on an annual basis in advance. Such maintenance consists of checking the condition of the machinery, cleaning and scheduled replacement of parts to ensure that our machinery and equipment work efficiently to minimise disruptions to our operations as well as ensure the safety of the operators. The maintenance, cleaning and inspection of our machinery and equipment are carried out by our subsidiary, PSE.

In general, maintenance and cleaning of machinery and equipment in each production line at our factories will be performed according to a specified work schedule. The production line will be stopped for a period of one to four days on annual basis for each maintenance session.

INVENTORY MANAGEMENT

Our inventory comprises raw materials, firewood, spare parts, consumables, packaging, in-process products and finished products. Our inventory mostly comprises raw materials, firewood, spare parts and consumables, which we manage based on the lead time from the time the supply is ordered until their delivery and the safety stock level we set. In addition to finished goods at the factories waiting to be shipped to the customers overseas, we also have storage space for gloves to be distributed in Thailand, PRC and United States.

We have in place a process for reviewing and checking our inventory levels on a regular basis to ensure that we are able to meet the needs of our customers. As most of our products are produced-to-order, most of the finished goods we hold in inventory are confirmed orders, pending delivery.

Our average inventory turnover days and provision for inventory obsolescence for FY2018, FY2019 and FY2020 are set out below:

	FY2018	FY2019	FY2020
Average inventory turnover days ⁽¹⁾	58.7	56.2	61.5
Provision for inventory obsolescence (THB million)	87.1	84.1	47.1

Note:

- (1) For FY2018, FY2019 and FY2020, average inventory turnover days is computed based on (average of beginning and ending inventory balance/cost of sales) x 360 days.

SALES AND MARKETING

Our overall sales and marketing activities are conducted by our sales and marketing team comprising 92 staff members as of 31 December 2020. Our sales and marketing team is primarily responsible for developing our business by acquiring new customers as well as managing existing customer relationships through service support and the provision of after-sales services.

We distribute the rubber gloves we manufacture both within our domestic market, Thailand, as well as overseas. Most of our revenue is derived from the sale of rubber gloves in the overseas market. In FY2020, revenue from the sale of rubber gloves in Thailand and overseas accounted for 6.0% and 94.0%, respectively, of the Group's total revenue from sales of rubber gloves. Our main markets are the United States, European countries, the PRC, Japan and Thailand.

We distribute most of our products through distributors in each country, which includes third party distributors as well as our subsidiaries and companies within the STA Group. We currently distribute a small volume of gloves through STA, mainly in Ukraine and Vietnam.

We market the rubber gloves we manufacture under both: (a) our trademarks; and (b) third party labels where we are engaged as an OEM:

(a) Distribution under Our Trademarks

We distribute natural rubber gloves and nitrile gloves both within Thailand and overseas under trademarks (both registered and pending registration) of our Group. These trademarks include "SRI TRANG GLOVES", "Satory", "I'M GLOVE", "ฟีน", "Super Care", "WELLGUARD", "Sriex", "施睿康" and "Ventiv". See "*Business – Intellectual Property*" for further details.

Distributors on-sell our products to hospitals, pharmacies, medical equipment stores and clinics. We sell our products to the distributors outright and we generally do not have a policy of accepting returns in the event that the distributors are unable to on-sell the products.

In addition to distribution through distributors, we sell directly to hospitals, drugstores, medical equipment outlets and clinics as well as through retail and online channels in Thailand, the PRC and the US.

(b) Distribution under Third Party Labels as an OEM

We also manufacture natural rubber gloves and nitrile gloves as a contract manufacturer, whereby we manufacture and package rubber gloves under the trademarks of our customers. Our customers are located both within Thailand as well as overseas. We do not offer a return policy in the event that our customers are unable to sell the products.

Marketing for our OEM business is done by directly contacting distributors. We have an experienced marketing team to serve distributors, including providing them with detailed product information, understanding their specific needs and delivering the best services to customers. We also regularly participate in medical trade fairs both in Thailand and overseas, including in Europe, America, Asia Pacific and Africa.

The following sets out a breakdown of our revenue derived from the sale of rubber gloves under our trademarks and third party labels for FY2018, FY2019 and FY2020:

Revenue	FY2018		FY2019		FY2020	
	THB million	%	THB million	%	THB million	%
Our trademarks	1,563.6	14.5	1,889.8	15.8	6,011.0	19.8
OEM	9,237.5	85.5	10,104.4	84.2	24,394.1	80.2
Total	10,801.1	100.0	11,994.1	100.0	30,405.1	100.0

MAJOR CUSTOMERS

We have a geographically diverse customer base of over 3,700 customers globally. We have exported our rubber gloves to more than 140 countries worldwide. Our nitrile gloves and powder-free natural rubber gloves are mainly used by customers in developed countries, whereas our powdered natural rubber gloves are mainly used by customers in developing countries. While the bulk of our products are distributed through distributors (being our major customers), certain of our customers are also end users (including those in the healthcare sector). Majority of our sales are made on the basis of purchase orders where selling prices are quoted on a monthly basis for two to three months in advance prior to delivery. We also enter into long-term contracts with certain customers.

The following table sets out the customers which accounted for 5.0% or more of our Group's total revenue from the sale of rubber gloves in any of FY2018, FY2019 and FY2020:

Customer	As a % of Total Gloves Revenue		
	FY2018	FY2019	FY2020
STA Group ⁽¹⁾	31.0	12.6	5.2
Customer B ⁽²⁾	3.3	5.6	3.6
Customer C ⁽³⁾	18.1	7.7	0.9

Notes:

- (1) The decrease in the STA Group's percentage contribution to our gloves revenue from FY2018 to FY2019 and from FY2019 to FY2020 is primarily due to the transfer of the STA Group's rubber gloves business to our Company beginning in FY2019. Prior to that, our gloves were distributed through the STA Group (excluding our Group). We currently still distribute a small volume of gloves through STA, mainly in Ukraine and Vietnam. See "*Connected Transactions and Potential Conflicts of Interests – Potential Conflicts of Interests*" for more information.
- (2) Customer B is a European private label distributor of various products, including disposable and reusable gloves.
- (3) Customer C comprises group companies of a European group of private label distributors of gloves for medical and industrial use. The decrease in Customer C's percentage contribution to our gloves revenue from FY2018 to FY2019 and from FY2019 to FY2020 is primarily due to reduced orders from Customer C due to inability to agree on commercial terms and increased orders from other customers.

MAJOR SUPPLIERS

The following table sets out the suppliers which accounted for 5.0% or more of our Group's total purchases in any of FY2018, FY2019 and FY2020:

Supplier	Product/Service Supplied	As a % of Total Purchases		
		FY2018	FY2019	FY2020
STA Group ⁽¹⁾	Concentrated latex, firewood and engineering services	44.5	39.3	44.5
Supplier B ⁽²⁾	Synthetic latex	17.3	13.7	13.7
Supplier C ⁽³⁾	Engineering services	0.3	6.3	0.9

Notes:

- (1) The STA Group suppliers mainly comprise: (a) STA, RBL and NHR, from which we procure substantially all of the concentrated latex required for our production of natural rubber gloves; (b) ANV, from which we procure firewood, which we rely on as a fuel source for our production process; (c) PSE, which had supplied engineering services to our Group prior to our acquisition of PSE from the STA Group on 7 January 2021; (d) STL, which provided us with transportation and logistics services in Thailand, as well as documentation services to facilitate the import and export of our products; and (e) STA IBC, which provided us with IT and information system services, as well as consulting and advisory services.
- (2) Supplier B is an Asia Pacific-based manufacturer of synthetic resins and synthetic latex.
- (3) Supplier C is an engineering and construction service provider based in Thailand.

We have entered into long-term supply agreements for the supply of certain important raw materials, as detailed below:

(a) Concentrated Latex

We procure substantially all of the concentrated latex required for our production of natural rubber gloves from the STA Group, namely STA, RBL and NHR. For FY2018, FY2019 and FY2020, our purchases of concentrated latex from STA, RBL and NHR amounted to THB 2,072.6 million, THB 2,312.4 million and THB 4,283.1 million, respectively.

On 28 June 2019, we entered into the Concentrated Latex Purchase Agreement with STA, RBL and NHR. Under the terms of the Concentrated Latex Purchase Agreement (as amended on 31 January 2020 and 20 December 2020), these suppliers are required to supply concentrated latex to us at the specifications and quality we require and at a price calculated according to a formula agreed between us and them, which references the market price, and in the quantities set out in our purchase orders. The Concentrated Latex Purchase Agreement is for an initial term of three years from 28 June 2019 and thereafter is automatically renewed on a yearly basis, unless it is earlier terminated by agreement of the parties or otherwise in accordance with its terms. The parties may agree to terminate the Concentrated Latex Purchase Agreement in writing, or either party may terminate with service of a termination notice upon the occurrence of: (a) a failure to perform any of the obligations under the agreement, or if any representation provided under the agreement provided by the other party is not correct; or (b) an enactment of law, rule, regulation, or any interpretation of government agencies which would have a material adverse effect on the performance of the obligations of the parties under the agreement. The agreement will terminate 60 days after the date of receipt of the termination notice. Termination of the agreement does not prejudice the accrued rights of the other party to make a claim for damages or costs incurred from any misrepresentation of the representations, warranties and/or any other provision under the agreement. We are required to: (a) notify these suppliers in advance of the forecasted volume of concentrated latex we require for each

quarter by the 28th day of the last month before the end of each quarter; and (b) notify these suppliers one month in advance of the quantity of the concentrated latex we require to purchase in the following month on the first business day of each month and, if the total volume of concentrated latex specified in our purchase orders exceeds a specified percentage of the quantity we had notified to these suppliers one month in advance as referred in (b) above, these suppliers have the right to refuse to supply the excess volume.

While we currently procure substantially all of our concentrated latex from the STA Group, there are many alternative suppliers of concentrated latex in southern Thailand where our rubber glove factories are located, as well as in other regions of Thailand. We continue to maintain a relationship with a few of such alternative suppliers through small-volume orders.

(b) Firewood

We procure firewood, which we rely on as a fuel source for our production process, from ANV, a distributor of rubberwood and other woods. For FY2018, FY2019 and FY2020, our purchases of firewood from ANV amounted to THB 710.3 million, THB 836.7 million and THB 1,202.5 million, respectively.

On 2 September 2019, we entered into a firewood purchase agreement with ANV (the “**Firewood Purchase Agreement**”). Under the terms of the Firewood Purchase Agreement, ANV is obliged to supply us with firewood in the quantity set out in our purchase orders and at a price calculated according to a formula agreed between us and ANV which refers to the supplier’s costs and fixed management fees. We are required to notify ANV the quantity of firewood we require to purchase on the first business day of each month. The Firewood Purchase Agreement is for an initial term of three years from 2 September 2019 and thereafter is automatically renewed for a further period of one year, unless it is earlier terminated by agreement of the parties or otherwise in accordance with its terms.

We procure synthetic latex from multiple synthetic latex manufacturers and have not entered into any long-term supply agreements for synthetic latex. While we currently source the bulk of our synthetic latex requirements from Supplier B, we believe that we are not materially dependent on any single supplier of synthetic latex as there are many alternative suppliers in the market.

CREDIT MANAGEMENT

Credit Terms to Our Customers

We extend trade credit to a majority of our customers for terms up to 60 days, depending on factors including, among others, the customer’s credit rating, payment history and the length of their relationship with us. For certain customers whom we assess to be of higher risk, we may require a letter of guarantee from a commercial bank, an advance deposit and/or a letter of credit. In each case, our management team evaluates the circumstances of the particular customer before granting credit accordingly.

Our average trade receivables turnover days for FY2018, FY2019 and FY2020 are set out below:

	FY2018	FY2019	FY2020
Average trade receivables turnover days ⁽¹⁾	47.7	45.8	37.1

Note:

- (1) For FY2018, FY2019 and FY2020, average trade receivables turnover days is computed based on (average of beginning and ending trade receivables balance/revenue from sales) x 360 days.

Allowance for impairment of trade receivables is determined by expected credit loss based on overdue classification and our impairment of trade receivables was not material for the last three financial years. We may also write off an outstanding debt when we are certain that a customer is unable to meet its financial obligations to us.

Credit Terms from Our Suppliers

Our suppliers generally extend to us credit terms of up to 60 days. The availability of credit and the credit terms extended to us differ from supplier to supplier depending on, among others, the size of our order and the length of our relationship with the particular supplier.

Our average trade payables turnover days for FY2018, FY2019 and FY2020 are set out below:

	FY2018	FY2019	FY2020
Average trade payables turnover days ⁽¹⁾	31.2	26.0	32.5

Note:

(1) For FY2018, FY2019 and FY2020, average trade payables turnover days is computed based on (average of beginning and ending trade payables balance/cost of sales) x 360 days.

LICENCES AND PERMITS

In operating our business, we are required to obtain various licences and permits under applicable laws. See “*Regulations*” for further details. As of the Latest Practicable Date, we have obtained all material licences and permits required for our business operations.

The following table sets out details of the material licences and permits in respect of our business as at the Latest Practicable Date:

Licence	Issuing Authority	Factory	Issue Date and Expiry
Licences Held by our Company			
Factory Licence (Manufacture of Medical Examination Gloves)	Department of Industrial Works, Ministry of Industry of Thailand	Hat Yai factory ⁽¹⁾	1 March 1998 (no expiration date)
		Hat Yai factory ⁽¹⁾	26 December 1997 (no expiration date)
		Surat Thani factory ⁽¹⁾	4 June 2010 (no expiration date)
		Surat Thani factory ⁽¹⁾	23 December 2020 (no expiration date)
		Trang factory	30 April 2015 (no expiration date)
		PS factory	24 February 2021 (no expiration date)
Registration of Medical Device Manufacturing Establishment	Food and Drug Administration of Thailand	Hat Yai factory	4 April 2019 – 31 December 2023
		Surat Thani factory	4 April 2019 – 31 December 2023
		Trang factory	4 April 2019 – 31 December 2023

Licence	Issuing Authority	Factory	Issue Date and Expiry
Licence to Trade Rubber	Department of Agriculture, Ministry of Agriculture and Cooperatives of Thailand	Hat Yai factory ⁽¹⁾	15 January 2021 – 14 January 2022
		Hat Yai factory ⁽¹⁾	27 April 2021 – 26 April 2022
		Surat Thani factory	26 May 2020 – 25 May 2021 ⁽²⁾
		Trang factory	5 April 2021 – 4 April 2022
Licence to Establish Rubber Factory	Department of Agriculture, Ministry of Agriculture and Cooperatives of Thailand	Hat Yai factory ⁽¹⁾	19 January 2021 – 18 January 2022
		Hat Yai factory ⁽¹⁾	19 January 2021 – 18 January 2022
		Surat Thani factory	28 May 2020 – 27 May 2021 ⁽²⁾
		Trang factory	5 April 2021 – 4 April 2022
Licence to Operate Business Hazardous to Health	Phatong Sub-district Administration Organisation	Hat Yai factory	8 March 2021 – 31 March 2022
	Phlai Wat Sub-district Administration Organisation	Surat Thani factory	8 July 2020 – 11 July 2021 ⁽²⁾
	Khuan Thani Sub-district Administration Organisation	Trang factory	16 April 2021 – 27 April 2022
Licences Held by PSE			
Factory Licence (Metalworks, All Types of Soldering and Manufacture of Factory Equipment and Machinery)	Department of Industrial Works, Ministry of Industry of Thailand	PSE factory	16 December 1997 (no expiration date)
Licence to Operate Business Hazardous to Health	Baan Rai Sub-district Administration Organisation	PSE factory	1 March 2021 – 29 March 2022
Licences Held by SDME			
Business Licence (营业执照)	Shanghai Pilot Free Trade Zone Municipal Administration of Market Supervision (上海市自贸试验区市场监督管理局)	–	26 March 2020 – 30 March 2047
Record of the Consignee and Consignor of Import and Export Goods (海关进出口货物收发货人备案回执)	Shanghai Customs of the PRC (中华人民共和国上海海关)	–	26 April 2017 (no expiration date)
Record of Foreign Trade Manager (对外贸易经营者备案登记表)	Bureau of Commerce of Shanghai Free Trade Zone (对外贸易经营者备案登记机关 (上海保税区))	–	12 July 2017 (no expiration date)

Licence	Issuing Authority	Factory	Issue Date and Expiry
Record of Entry-Exit Inspection and Quarantine Enterprise (出入境检验检疫报检企业备案表)	Shanghai Entry-Exit Inspection and Quarantine Bureau ¹⁸ (中华人民共和国上海出入境检验检疫局)	–	13 April 2017 (no expiration date)
Registration Certificate of the Second Class of Medical Device Business (第二类医疗器械经营备案凭证)	Shanghai Pudong New Area Municipal Administration of Market Supervision (上海市浦东新区市场监督管理局)	–	24 June 2020 (no expiration date)
Certificate of Internet Drug Information Service Qualification (互联网药品信息服务资格证)	Shanghai Food and Drug Administration (上海市食品药品监督管理局)	–	22 January 2018 – 21 January 2023
Licences Held by STU			
State of Florida Authorization to Transact Business	State of Florida Department of State	–	28 January 2021 – 31 December 2021

Notes:

- (1) These licences are in respect of different plants which may be in the same or nearby locations.
- (2) The Company does not foresee any difficulty in obtaining the renewal of these licences as these renewals are administrative in nature. Under applicable Thai law, if our Company has submitted an application to renew a licence prior to its expiry, our Company is entitled to continue to operate as if the licence remains valid until such time the authority has informed us that it will not renew the licence.

QUALITY ASSURANCE AND CERTIFICATIONS

We have implemented comprehensive quality assurance and monitoring procedures at each stage of our production process to ensure that our products meet our stringent quality control standards and the expectations and requirements of our customers.

The following table sets out the key quality assurance certifications that we have received in respect of our business, production processes and/or products as of the Latest Practicable Date:

Certification/Quality Control and other Standards	Process/Product Certified	Notified/Certifying Body	Issue Date and Expiry
EN ISO 13485:2016	Medical Devices – Quality Management System	TÜV SÜD Product Service GmbH	1 May 2021 – 31 October 2023
ISO 13485:2016	Medical Devices – Quality Management System	TÜV SÜD America Inc.	26 February 2021 – 11 October 2023
ISO 13485:2016 (Medical Device Single Audit Program)	Medical Devices – Quality Management System conforming to regulatory requirements in Australia, Brazil, Canada, the US and Japan	TÜV SÜD America Inc.	14 October 2020 – 28 July 2023
ISO 13485:2016/EN ISO 13485:2016 (Hat Yai factory)	Medical Devices – Quality Management System	SGS United Kingdom Ltd.	17 March 2020 – 17 March 2023

¹⁸ This certificate was initially issued by Shanghai Entry-Exit Inspection and Quarantine Bureau of the PRC. Due to the institutional reform, Shanghai Entry-Exit Inspection and Quarantine Bureau has integrated with Shanghai Customs.

Certification/Quality Control and other Standards	Process/Product Certified	Notified/Certifying Body	Issue Date and Expiry
ISO 9001:2015	Quality Management System	TÜV SÜD America Inc.	26 February 2021 – 11 October 2023
ISO 9001:2015 (Hat Yai factory)	Quality Management System	SGS United Kingdom Ltd.	17 March 2020 – 17 March 2023
ISO/IEC 17025:2017 (Hat Yai factory)	Accredited Laboratory	Bureau of Laboratory Quality Standards, Ministry of Public Health of Thailand	12 May 2020 – 11 May 2022
ISO/IEC 17025:2017 (Surat Thani factory)	Accredited Laboratory	Bureau of Laboratory Quality Standards, Ministry of Public Health of Thailand	22 June 2020 – 21 June 2022
ISO/IEC 17025:2017 (Trang factory)	Accredited Laboratory	Bureau of Laboratory Quality Standards, Ministry of Public Health of Thailand	23 July 2020 – 22 July 2022
ISO 22000:2005 (Hat Yai and Surat Thani factories)	Food Safety Management System	BSI Assurance UK Limited	8 June 2020 – 18 June 2021 ⁽¹⁾
Certificate of CE Registration pursuant to Directive 93/42/EEC (Medical Devices Directive)	Medical Device Directive 93/42/EEC	Medical Device Safety Service GmbH (MDSS)	22 June 2020 (no expiration date)
Certificate of Verification of EU Regulation 2017/745 (Medical Devices Regulation)	Medical Device EU Regulation 2017/745	Medical Device Safety Service GmbH (MDSS)	16 June 2020 (no expiration date)
PPE Registration (EU) 2016/425 Module D Certificate	Annex VIII (Module D) of the PPE Regulation EU 2016/425	SATRA Technology Europe Limited	22 June 2020 – May 2021 ⁽¹⁾
EC Certificate in Sterile Condition pursuant to Directive 93/42/EEC (Medical Devices Directive) (Hat Yai and Surat Thani factories)	Production Quality Assurance System Directive 93/42/EEC on Medical Devices (MDD), Annex V (Device in Class I in sterile conditions, sterilised systems or procedure packs)	TÜV SÜD Product Service GmbH	16 October 2020 – 12 December 2022
CODEX HACCP & GMP (Trang factory)	Good Manufacturing Practice and HACCP System for manufacture of Natural Latex Gloves for food contact	British Standards Institution	4 October 2020 – 3 October 2023
FSC Chain of Custody (Hat Yai factory)	Purchasing of FSC 100.0% Field Latex, Concentrated Latex, Manufacture and Sale of FSC 100.0% Concentrated Latex, Latex Gloves by using the transfer system	SGS Hong Kong Limited	6 July 2020 – 11 June 2024

Certification/Quality Control and other Standards	Process/Product Certified	Notified/Certifying Body	Issue Date and Expiry
ISO 14001:2015 (Surat Thani and Trang factories)	Environmental Management System	TÜV SÜD Korea Ltd.	24 September 2020 – 12 June 2023
Business Social Compliance Initiative (Hat Yai factory)	Business Social Compliance Initiative	Bureau Veritas	7 July 2020 – 7 July 2022
Business Social Compliance Initiative (Surat Thani factory)	Business Social Compliance Initiative	Bureau Veritas	17 July 2019 – 17 July 2021 ⁽¹⁾
Business Social Compliance Initiative (Trang factory)	Business Social Compliance Initiative	Bureau Veritas	12 October 2020 – 9 September 2022
GMP (Hat Yai factory)	Medical Device Good Manufacturing Practice – manufacturing of examination gloves from natural and synthetic latex	Food and Drug Administration of Thailand	13 August 2019 – 12 August 2022
GMP (Surat Thani factory)	Medical Device Good Manufacturing Practice – manufacturing of examination gloves use from natural and synthetic latex	Food and Drug Administration of Thailand	13 August 2019 – 12 August 2022
GMP (Trang factory)	Medical Device Good Manufacturing Practice in relation to rubber gloves for medical examination use from natural latex	Food and Drug Administration of Thailand	13 August 2019 – 12 August 2022
Green Industry Level 3 (Hat Yai factory)	Environmental Management System	Ministry of Industry of Thailand	16 May 2019 – 15 May 2022
Green Industry Level 3 (Surat Thani factory)	Environmental Management System	Ministry of Industry of Thailand	15 January 2021 – 14 January 2024
Green Industry Level 3 (Trang factory)	Environmental Management System	Ministry of Industry of Thailand	21 October 2020 – 20 October 2023
CSR-DIW CONTINUOUS AWARD 2019 (Hat Yai factory)	Corporate social responsibility	Ministry of Industry of Thailand	23 September 2019 (no expiration date)
CSR-DIW AWARD 2020 (Surat Thani factory)	Corporate social responsibility	Ministry of Industry of Thailand	17 November 2020 (no expiration date)
Halal Certificate (Hat Yai factory)	Rubber and medical examination gloves made from natural and synthetic latex	The Central Islamic Council of Thailand	25 September 2020 – 24 September 2021 ⁽¹⁾
Halal Certificate (Trang factory)	Rubber and medical examination gloves made from natural and synthetic latex	The Central Islamic Council of Thailand	01 October 2020 – 30 September 2021 ⁽¹⁾
Halal Certificate (Surat Thani factory)	Rubber and medical examination gloves made from natural and synthetic latex	The Central Islamic Council of Thailand	28 October 2020 – 27 October 2021 ⁽¹⁾

Certification/Quality Control and other Standards	Process/Product Certified	Notified/Certifying Body	Issue Date and Expiry
AEO (Authorised Economic Operator) Certificate	Certified AEO Importer/Exporter	Thai Customs Department	29 November 2019 – 28 November 2022
TGO Guidance on Carbon Footprint for Organisations	The quantity of greenhouse gas emissions produced by our Company was examined and found to be in accordance with the requirements of the TGO Guidance on Carbon Footprint for Organisations	TGO	23 July 2020 – 22 July 2021 ⁽¹⁾
Licence to Display Standard Mark on the Industrial Product No. 3062-155/1056 (factory licence No. 3-52(4)-3/40 SorKor) (Hat Yai factory)	Single-use medical examination gloves	Thai Industrial Standards Institute, Ministry of Industry	10 June 2019 (no expiration date)
Licence to Display Standard Mark on the Industrial Product No. 3061-154/1056 (factory licence No. Sor. 3-52(4)-1/32 SorKor) (Hat Yai factory)	Single-use medical examination gloves	Thai Industrial Standards Institute, Ministry of Industry	14 June 2019 (no expiration date)
Licence to Display Standard Mark on the Industrial Product No. 3063-156/1056 (Surat Thani factory)	Single-use medical examination gloves	Thai Industrial Standards Institute, Ministry of Industry	10 June 2019 (no expiration date)
Licence to Display Standard Mark on the Industrial Product No. 1794-148/1056 (Trang factory)	Single-use medical examination gloves	Thai Industrial Standards Institute, Ministry of Industry	27 May 2019 (no expiration date)

Note:

(1) The Company does not foresee any difficulty in obtaining the renewal of these quality assurance certifications.

RESEARCH AND DEVELOPMENT

Presently, our R&D activities are focused on the development of new products, improving the quality of our products as well as the efficiency of our production processes and reducing our consumption of energy and water, as described below:

- **Development of New Products**

Rubber gloves are used in a wide variety of industries. In addition to the medical industry, they can also be used in other industries such as the food, electronics and beauty industries. Given the wide range of application, we seek to develop rubber gloves to meet the needs of consumers across various industries, both in terms of quality, such as the thinness of the rubber gloves, which affects durability and comfort, and in terms of appearance, such as the use of different colours for variety. In addition, we seek to continually improve the quality of our gloves in accordance with international and national quality standards for various industries.

We have developed new products to reduce production costs and to meet market preference, such as a thin nitrile glove weighing approximately 2.5 grams that meet the requirements of standards for the import of rubber gloves into European countries and the US. In addition, we are also in the process of developing low protein natural rubber gloves for customers that are prone to protein allergies.

We have an in-house R&D team which engages in experimentation, analysis and researching formulas for manufacturing rubber gloves. We are currently trialling the use of an automatic dipping machine in our laboratories, which will enable our researchers to conduct quicker and more accurate experimental research and formulation for new products and on the quality of our products.

- **Automation**

We seek to improve the efficiency of our production processes and reduce our reliance on manual labour through the use of automation. We are currently trialling or have plans to increase the use of automation in the following areas:

- using sterile packing machine, wallet packing machine and sealing machine, to replace the use of manual labour;
- using machine for automatic glove testing and sorting;
- using chemical online testing system to control chemical concentration in the dipping process;
- using machinery instead of manual labour to load goods into shipping containers, which also helps to ensure the correct quantity is loaded in accordance with the purchase orders;
- using an automated system for the process of raw materials preparation and the mixing of latex to improve precision;
- using a centralised Supervisory Control And Data Acquisition (“**SCADA**”) system to manage our production processes and quality control;

- using glove vision detector machine to identify inferior quality or defective rubber gloves during the production process, which are then automatically removed by a stripping machine;
- using automatic stacking technology to sort and count rubber gloves and automatic packing technology in the packaging process, whereby robotic arms will sort cartons of rubber gloves into pallets and convey such pallets to our warehouse by way of a rail guided vehicle; and
- using an automatic warehousing system to support quicker and more accurate delivery of products, as well as reduce space usage as compared to traditional storage.

We expect such use of automation will help to reduce our reliance on manual labour, and reduce our production costs and rate of error in the production process. This helps to ensure more consistent quality of our rubber gloves as well as enable us to more accurately and precisely verify information with regard to warehouse management.

We have implemented the abovementioned automation systems in our new facility at Hat Yai and some of the abovementioned systems will be implemented at the factories currently being built.

• **Reduction of Energy and Water Consumption**

We take energy and water conservation seriously and have achieved success in reducing the consumption of energy and water in our production process. For example:

- we have installed, tested and increased our use of high-efficiency refrigeration, as well as a high-efficiency compressed air system which uses water instead of air for cooling. These have been installed in all our three factories, namely our Hat Yai, Surat Thani and Trang factories, reducing our production costs;
- we focus on the use of clean energy such as biomass instead of fuel oil to generate heat, which is the main energy source used in our production process; and
- we seek to reduce our water consumption by using water sparingly and only as required for our production processes, reusing water (to the extent that quality is not affected as a result) and recycling the water used in our production process by treating the wastewater.

Our R&D expenses for FY2018, FY2019 and FY2020 were as follows:

	FY2018	FY2019	FY2020
R&D expenses (THB million)	16.1	102.0 ⁽¹⁾	99.7 ⁽¹⁾
R&D expenses as a percentage of total revenue (%)	0.1	0.9	0.3

Note:

- (1) The increase in our R&D expenses in FY2019 and FY2020 was mainly due to the costs of a research project for automation of production processes in FY2019 and FY2020, where we invested in automatic packing machinery, automatic stacking machinery, a glove vision detector machine and a SCADA system, as well as the increase of R&D personnel and relevant expenses. In addition, we installed a laboratory in 2020 for efficiency testing of our hand dip machine.

Our R&D expenses were not material to the Company and such amounts were either capitalised or expensed by the Company depending on the success of the development work and the classification of the asset that the R&D works related to.

EMPLOYEES

The following table sets out a breakdown of employees (excluding temporary contractors with contractual terms less than six months) by activity as of 31 December 2018, 2019 and 2020:

Activity	As at 31 December		
	2018 ⁽¹⁾	2019	2020
Production	4,077	4,752	5,137
Quality Control and R&D	496	576	696
Engineering	840	970	1,093
Logistics	129	161	191
Purchasing	91	98	138
Marketing	25	82	92
Human Resources, Corporate and Information Technology	357	359	431
Finance & Accounting	33	39	46
Business Development, Investor Relations, Risk Management and Legal	4	5	11
Internal Audit	–	4	4
Total	6,052	7,046	7,839

Note:

(1) This includes employees of Thaikong in 2018 prior to the Amalgamation and formation of our Company on 1 April 2019.

The increase in employees in 2019 and 2020 was primarily due to recruitment to support our capacity expansion.

The following table sets out a breakdown of employees by geographical location as of 31 December 2018, 2019 and 2020:

Geographic location	As at 31 December		
	2018	2019	2020
Thailand	6,011	7,005	7,798
PRC	32	32	32
US	9	9	9
Total	6,052	7,046	7,839

Our employees are not unionised. We do not employ a significant number of employees on a temporary basis.¹⁹

We require manual labour for certain of our production processes which are not automated, such as quality control and packing. In particular, we rely on a large number of foreign workers to meet our operational needs and such foreign workers represented 44.6%, 43.9% and 39.6% of our total employees in the years ended 31 December 2018, 2019 and 2020, respectively.

¹⁹ Our Company considers employees with contractual terms less than six months to be temporary employees.

Staff Training and Development

We have a policy of encouraging career development among our employees with a focus on career planning so that our employees are empowered to learn and assess their skills, become self-aware of their interests and abilities, seek opportunities and set goals for their career for both the short and long term future.

To enable employees to develop according to the goals they have set, we established a competency assessment programme to enable employees to identify gaps between their current level of competence and the expected competency level according to the employee competency model we established. The assessment results are used by employees as supporting information in various self-development projects related to their line of work, such as additional study, training and seminars, both internal and external, as well as on-the-job training. The assessment programme is also considered when modifying the job specifications and adjusting the compensation rate for employees according to their performance.

Employee career progression planning forms part of the annual performance evaluation process of our employees. Our supervisors and employees collaborate to discuss and plan the career progress of employees together. We review the performance of our employees' work assignments along with their career goals, including development plans for employees at the beginning of each year.

PROPERTIES

The following table sets out information on the material properties owned by our Group as of the Latest Practicable Date:

Location	Gross Land Area (approximate) (sq m)	Tenure	Owner	Principal Use
Phatong Sub-district, Hat Yai District, Songkhla Province	359,466.4	Freehold	STGT	Hat Yai factory
Kuanthani Sub-district and Bang Mak Sub-district, Kantang District, Trang Province	949,212.4	Freehold	STGT	Trang factory
Phlaiwat Sub-district, Kanchanadit District, Surat Thani Province	481,800.0	Freehold	STGT	Surat Thani factory
Sumnakkham Sub-district, Sadao District, Songkhla Province	384,192.8	Freehold	STGT	Under construction for Anvar factory
Khaochairat Sub-district, Pathiew District, Chumphon Province	534,424.8	Freehold	STGT	Under construction for Chumphon factory
Sadao Sub-district, Sadao District, Songkhla Province	143,576.0	Freehold	PS	Under construction for PS factory
Baanpru Sub-district, Hat Yai District, Songkhla Province	62,033.2	Freehold	PSE	PSE factory




INTELLECTUAL PROPERTY

Registered Trademarks

The following table sets out information on key trademarks registered under the names of our Company and our subsidiaries as of the Latest Practicable Date. In general, the validity period of a trademark registration is 10 years, and such registration can be renewed indefinitely at the end of each ten-year period.

Trademark	Territories Covered	Registered Owner	Registration No.	Class(es)	Expiry Date
POLYMED	US	STGT	2120219	10 ⁽¹⁾	9 December 2027
OUTSMART INFECTION	US	STGT	5667302	9, 10, 21, 35 ⁽²⁾	29 January 2029
VENTYV	US	STGT	5657159	9, 10, 21, 35 ⁽²⁾	15 January 2029
	Chile	STGT	1172916	10 ⁽³⁾	21 July 2025
	Peru	STGT	217521	10 ⁽³⁾	12 November 2024
	Hong Kong	STGT	303083580	10 ⁽⁴⁾	29 July 2024
	Japan	STGT	5723167	10 ⁽⁵⁾	5 December 2024
	South Korea	STGT	40-1098582	10 ⁽⁴⁾	7 April 2025
	Morocco	STGT	160102	10 ⁽³⁾	28 May 2024
	PRC	STGT	21539075	10 ⁽³⁾	20 April 2029
	Brazil	STGT	907773265	10 ⁽³⁾	13 December 2026
	South Africa	STGT	2014/19842	10 ⁽³⁾	29 July 2024
	Thailand	STGT	181122431	10 ⁽³⁾	27 March 2027
	EU	STGT	018233059	10 ⁽⁶⁾	30 April 2030
	India	STGT	4493355	10 ⁽⁶⁾	29 April 2030
	UK	STGT	UK00003485871	10 ⁽⁶⁾	30 April 2030
	Singapore	STGT	40202009230V	10 ⁽⁶⁾	5 May 2030
	Brazil	STGT	919635512	10 ⁽⁶⁾	15 December 2030
	EU	STGT	018233058	10 ⁽⁶⁾	30 April 2030
	India	STGT	4493354	10 ⁽⁶⁾	29 April 2030
	UK	STGT	UK00003485868	10 ⁽⁶⁾	30 April 2030
	Singapore	STGT	40202009228Q	10 ⁽⁶⁾	5 May 2030
	Brazil	STGT	919635415	10 ⁽⁶⁾	15 December 2030

Trademark	Territories Covered	Registered Owner	Registration No.	Class(es)	Expiry Date
	Taiwan	STGT	01627329	10 ⁽³⁾	15 February 2024
	PRC	STGT	12878113	10 ⁽³⁾	6 January 2025
	Columbia	STGT	523721	10 ⁽³⁾	31 August 2025
	Vietnam	STGT	234733	10 ⁽³⁾	5 July 2023
	India	STGT	2555827	10 ⁽³⁾	27 June 2023
	Argentina	STGT	2.676.183	10 ⁽³⁾	9 September 2024
	Indonesia	STGT	IDM000490996	10 ⁽³⁾	2 July 2023
	Hong Kong	STGT	302639296	10 ⁽⁴⁾	13 June 2023
	Taiwan	STGT	01621526	10 ⁽³⁾	15 January 2024
	Thailand	STGT	Kor406833	10 ⁽³⁾	31 March 2024
	Thailand	STGT	181119299	10 ⁽³⁾	21 February 2027
	Thailand	STGT	Kor405952	10 ⁽³⁾	31 March 2024
	Thailand	STGT	Kor414046	10 ⁽³⁾	27 March 2024
	Thailand	STGT	Kor383890	10 ⁽³⁾	5 August 2022
	PRC	SDME	25748330	9 ⁽⁷⁾	20 August 2028
	PRC	SDME	11068097	10 ⁽⁸⁾	20 October 2023
	PRC	SDME	25756061	21 ⁽⁹⁾	20 August 2028

Trademark	Territories Covered	Registered Owner	Registration No.	Class(es)	Expiry Date
	PRC	SDME	15704111	10 ⁽¹⁰⁾	27 December 2025
	PRC	SDME	16834789	10 ⁽¹¹⁾	13 July 2026
	PRC	SDME	25745612	21 ⁽⁹⁾	20 August 2028

Notes:

- (1) Class 10: latex examination gloves for medical use.
- (2) Class 9: disposable plastic and latex gloves for laboratory use; protective gloves for industrial use; disposable protective gloves for industrial use made of elastomers including latex, nitrile, and neoprene and thermoplasts including vinyl.

Class 10: gloves for medical use; latex medical gloves; surgical gloves; disposable gloves for medical and surgical use made of elastomers including latex, nitrile, neoprene and thermoplasts including vinyl; gloves for medical use including medical examination gloves.


Class 21: disposable plastic and latex gloves for general use by hairdressers.

Class 35: distributorships in the field of medical, surgical, examination and industrial protective gloves; online ordering services in the field of medical, surgical, examination and industrial protective gloves.

- (3) Class 10: rubber gloves for medical purposes.
- (4) Class 10: gloves for dental, medical, surgical and veterinary purposes, all of which made of nitrile, rubber or latex.
- (5) Class 10: rubber gloves for medical purposes; other gloves for medical purposes.
- (6) Class 10: gloves for medical purposes; examination gloves for medical purposes; rubber gloves for medical purposes; surgical gloves; disposable gloves for medical purposes; disposable gloves for dental purposes; disposable gloves for surgical purposes; disposable gloves for veterinary purposes.
- (7) Class 9: asbestos gloves for accident prevention; gloves for accident prevention; gloves for divers; X-ray gloves for industrial use; gloves resistant to acid and alkali.
- (8) Class 10: massage gloves; medical catheters; medical droppers; surgical implants (artificial materials); slings (support bandages); suture materials; masks; feeding bottles.
- (9) Class 21: household gloves, polishing gloves, gardening gloves, car wash gloves and kitchen insulation gloves.
- (10) Class 10: massage gloves; medical catheters; medical droppers; surgical implants; slings (support bandages); suture materials; masks; medical gloves; medical belts.
- (11) Class 10: massage gloves; slings (support bandages); suture materials; masks; medical gloves; medical belts; artificial surgical implants.

Trademarks Pending Registration

The following table sets out information on key trademark applications made under the name of our Company as of the Latest Practicable Date:

Trademark	Territories Covered	Type of Products
	PRC, Indonesia, Japan, Malaysia, South Africa, US, Vietnam	Rubber gloves for medical purposes

Trademark	Territories Covered	Type of Products
	PRC, Indonesia, Japan, Malaysia, South Africa, Thailand, US, Vietnam	Rubber gloves for medical purposes

TAX INCENTIVES

Under the Industrial Investment Promotion Act B.E. 2520 (1977) of Thailand (as amended), our Company has been granted tax privileges by the BOI for various periods in connection with certain specified promoted operations. The material tax privileges currently granted to our Company in respect of promoted operations at each of our factories are set out below.

Hat Yai Factory

Investment Promotion Certificate No.	62-0657-0-00-0-2	62-0652-1-00-1-2	62-0651-1-00-1-2
Promoted operations	Producing rubber gloves for medical examination, with a production capacity of 1,261.44 million units per year	Producing rubber gloves for medical examination, with a production capacity of 2,207.52 million units per year	Producing rubber gloves for medical examination, with a production capacity of 4,204.00 million units per year
First income date	15 February 2010	30 September 2018	4 November 2019
Benefit			
1. Exemption from corporate income tax on net profit from promoted operations for a period of up to eight years (as specified in the relevant investment promotion certificate) from the first income date	✓ (Expired)	✓ (Expires 29 September 2023 – five years from the date of first income)	✓ (Expires 3 November 2024 – five years from the date of first income)
2. Following the expiry of the period in (1) above, a 50.0% reduction to the normal corporate income tax rate on net profit from promoted operations for a further period of up to five years	✓ (Expires 14 February 2023)	×	×
3. Exemption from income tax on dividends paid to shareholders out of profit from promoted operations throughout the period in (1) above	✓ (Expired)	✓	✓
4. Exemption from import duty on machinery	✓ (Expired)	✓ (Expired)	✓ (Expires 13 August 2021)
5. Double deduction of transportation, electricity and water supply expenses	✓ (Expired)	×	×
6. Deduction of 25.0% of investment in installation or construction of facilities in addition to normal depreciation deduction	✓ (Expired)	×	×
7. Exemption from import duty on essential raw materials that must be imported from overseas for use in manufacturing for export	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (Except concentrated latex) (For a period of one year from the date of first import, which has not occurred)	✓ (Except concentrated latex) (For a period of one year from the date of first import, which has not occurred)

Investment Promotion Certificate No.	62-0657-0-00-0-2	62-0652-1-00-1-2	62-0651-1-00-1-2
8. Exemption from import duty on goods imported for re-export	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (Except concentrated latex) (For a period of one year from the date of first import, which has not occurred)	✓ (Except concentrated latex) (For a period of one year from the date of first import, which has not occurred)
9. Allowed to remit money in or out of Thailand in foreign currency	✓	×	×

Surat Thani Factory

Investment Promotion Certificate No.	62-0656-0-00-2-2	62-0655-0-00-2-2	62-0654-0-00-2-2	62-0653-1-00-1-2	63-0846-1-00-1-0	63-0848-1-00-1-0
Promoted operations	Producing rubber gloves for medical examination, with a production capacity of 2,207.52 million units per year	Producing rubber gloves for medical examination, with a production capacity of 1,892.16 million units per year	Producing rubber gloves for medical examination, with a production capacity of 630.72 million units per year	Producing rubber gloves for medical examination, with a production capacity of 2,208.00 million units per year	Producing rubber gloves for medical examination, with a production capacity of 2,575.44 million units per year	Producing rubber gloves for medical examination, with a production capacity of 4,625.28 million units per year
First income date	3 June 2011	31 August 2012	3 January 2014	1 April 2018	Our Company has not received income from this promoted operation.	
Benefit						
1. Exemption from corporate income tax on net profit from promoted operations for a period of up to eight years (as specified in the relevant investment promotion certificate) from the first income date	✓ (Expired)	✓ (Expired)	✓ (Expires 2 January 2022)	✓ (Expires 31 March 2023)	✓ (For a period of five years from the date of first income, which has not occurred)	✓ (For a period of five years from the date of first income, which has not occurred)
2. Following the expiry of the period in (1) above, a 50.0% reduction to the normal corporate income tax rate on net profit from promoted operations for a further period of up to five years	✓ (Expires 2 June 2024)	✓ (Expires 30 August 2025)	✓ (Expires 2 January 2027)	×	×	×
3. Exemption from income tax on dividends paid to shareholders out of profit from promoted operations throughout the period in (1) above	✓ (Expired)	✓ (Expired)	✓	✓	✓	✓
4. Exemption from import duty on machinery	✓ (Expired)	✓ (Expired)	✓ (Expired)	✓ (Expired)	✓ (Expires 10 February 2023)	✓ (Expires 10 February 2023)
5. Double deduction of transportation, electricity and water supply expenses	✓ (Expires 2 June 2021)	✓ (Expires 30 August 2022)	✓ (Expires 2 January 2024)	×	×	×
6. Deduction of 25.0% of investment in installation or construction of facilities in addition to normal depreciation deduction	✓ (Expires 2 June 2021)	✓ (Expires 30 August 2022)	✓ (Expires 2 January 2024)	×	×	×

Investment Promotion Certificate No.	62-0656-0-00-2-2	62-0655-0-00-2-2	62-0654-0-00-2-2	62-0653-1-00-1-2	63-0846-1-00-1-0	63-0848-1-00-1-0
7. Exemption from import duty on essential raw materials that must be imported from overseas for use in manufacturing for export	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (For a period of one year from the date of first import, which has not occurred)	✓ (Except concentrated latex) (For a period of one year from the date of first import, which has not occurred)	✓ (Except concentrated latex) (For a period of one year from the date of first import, which has not occurred)
8. Exemption from import duty on goods imported for re-export	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (For a period of one year from the date of first import, which has not occurred)	✓ (Except concentrated latex) (For a period of one year from the date of first import, which has not occurred)	✓ (Except concentrated latex) (For a period of one year from the date of first import, which has not occurred)
9. Allowed to remit money in or out of Thailand in foreign currency	✓	✓	✓	x	x	x

Trang Factory

Investment Promotion Certificate No.	62-0668-0-00-2-2	62-0669-0-00-2-2	62-0667-0-00-2-2	62-1307-1-00-1-0
Promoted operations	Producing rubber gloves for medical examination, with a production capacity of 1,892.16 million units per year (which was later increased to 2,459.81 million units per year in August 2019)	Producing rubber gloves for medical examination, with a production capacity of 1,892.16 million units per year (which was later increased to 2,459.81 million units per year in August 2019)	Producing rubber gloves for medical examination, with a production capacity of 1,892.16 million units per year (which was later increased to 2,459.81 million units per year in August 2019)	Producing rubber gloves for medical examination, with a production capacity of 4,205.00 million units per year
First income date	17 June 2016	18 November 2016	26 October 2019	25 January 2020
Benefit				
1. Exemption from corporate income tax on net profit from promoted operations for a period of up to eight years (as specified in the relevant investment promotion certificate) from the first income date	✓ (Expires 16 June 2024)	✓ (Expires 17 November 2024)	✓ (Expires 25 October 2027)	✓ (Expires 24 January 2025 – five years from the date of first income)
2. Following the expiry of the period in (1) above, a 50.0% reduction to the normal corporate income tax rate on net profit from promoted operations for a further period of up to five years	✓ (Expires 16 June 2029)	✓ (Expires 17 November 2029)	✓ (Expires 25 October 2032)	✓ (Expires 24 January 2028 – for a further period of three years, provided that the conditions set out in the BOI Announcement No. 10/2561 dated 11 December 2018 are satisfied)
3. Exemption from income tax on dividends paid to shareholders out of profit from promoted operations throughout the period in (1) above	✓	✓	✓	✓
4. Exemption from import duty on machinery	✓ (Expired)	✓ (Expired)	✓ (Expired)	✓ (Expires 25 May 2022)
5. Double deduction of transportation, electricity and water supply expenses	✓ (Expires 16 June 2026)	✓ (Expires 17 November 2026)	✓ (Expires 25 October 2029)	x
6. Deduction of 25.0% of investment in installation or construction of facilities in addition to normal depreciation deduction	✓ (Expires 16 June 2026)	✓ (Expires 17 November 2026)	✓ (Period of validity not defined in the relevant investment promotion certificate)	x
7. Exemption from import duty on essential raw materials that must be imported from overseas for use in manufacturing for export	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (For a period of one year from the date of first import, which has not occurred)
8. Exemption from import duty on goods imported for re-export	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (For a period of five years from the date of first import, which has not occurred)	✓ (For a period of one year from the date of first import, which has not occurred)

PS Factory (currently under construction and expected to be completed in the second quarter of 2022)

Investment Promotion Certificate No.	63-0847-1-03-1-0
Promoted operations	Producing rubber gloves for medical examination, with a production capacity of 3,363.84 million units per year
First income date	Our Company has not received income from this promoted operation
Benefit	
1. Exemption from corporate income tax on net profit from promoted operations for a period of up to eight years (as specified in the relevant investment promotion certificate) from the first income date	✓ (For a period of eight years from the date of first income, which has not occurred)
2. Following the expiry of the period in (1) above, a 50.0% reduction to the normal corporate income tax rate on net profit from promoted operations for a further period of up to five years	×
3. Exemption from income tax on dividends paid to shareholders out of profit from promoted operations throughout the period in (1) above	✓
4. Exemption from import duty on machinery	✓ (Expires 10 February 2023)
5. Double deduction of transportation, electricity and water supply expenses	✓
6. Deduction of 25.0% of investment in installation or construction of facilities in addition to normal depreciation deduction	✓
7. Exemption from import duty on essential raw materials that must be imported from overseas for use in manufacturing for export	✓ (Except concentrated latex) (For a period of five years from the date of first import, which has not occurred)
8. Exemption from import duty on goods imported for re-export	✓ (Except concentrated latex) (For a period of five years from the date of first import, which has not occurred)
9. Allowed to remit money in or out of Thailand in foreign currency	×

Anvar Factory (currently under construction and expected to be completed in the first quarter of 2022)

Investment Promotion Certificate No.	63-0849-1-03-1-0	63-0850-1-03-1-0
Promoted operations	Producing rubber gloves for medical examination, with a production capacity of 4,204.80 million units per year	Producing rubber gloves for medical examination, with a production capacity of 4,204.80 million units per year
First income date	Our Company has not received income from this promoted operation	
Benefit		
1. Exemption from corporate income tax on net profit from promoted operations for a period of up to eight years (as specified in the relevant investment promotion certificate) from the first income date	✓ (For a period of eight years from the date of first income, which has not occurred)	✓ (For a period of eight years from the date of first income, which has not occurred)
2. Following the expiry of the period in (1) above, a 50.0% reduction to the normal corporate income tax rate on net profit from promoted operations for a further period of up to five years	×	×
3. Exemption from income tax on dividends paid to shareholders out of profit from promoted operations throughout the period in (1) above	✓	✓
4. Exemption from import duty on machinery	✓ (Expires 10 February 2023)	✓ (Expires 10 February 2023)
5. Double deduction of transportation, electricity and water supply expenses	✓	✓
6. Deduction of 25.0% of investment in installation or construction of facilities in addition to normal depreciation deduction	✓	✓
7. Exemption from import duty on essential raw materials that must be imported from overseas for use in manufacturing for export	✓ (Except concentrated latex) (For a period of five years from the date of first import, which has not occurred)	✓ (Except concentrated latex) (For a period of five years from the date of first import, which has not occurred)
8. Exemption from import duty on goods imported for re-export	✓ (Except concentrated latex) (For a period of five years from the date of first import, which has not occurred)	✓ (Except concentrated latex) (For a period of five years from the date of first import, which has not occurred)
9. Allowed to remit money in or out of Thailand in foreign currency	×	×

See “Risk Factors – Risks Relating to our Business and Industry – We may not continue to benefit from favourable government policies in respect of the rubber industry.” for further details.

INSURANCE

We maintain insurance coverage in respect of, among others, the following key risks: damage to property (our factories, machinery, stock-in-trade, warehouses and offices, including our rented warehouses and offices in PRC and the US), business interruption, and public and product liability.

We believe that our insurance coverage is adequate for our business needs and operations and in line with industry practice. We will continue to regularly review and adjust our insurance coverage based on our needs and industry practice.

SEASONALITY

We generally do not experience any significant seasonality in our business.

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENT

Our Group's approach to corporate social responsibility is centred on conducting business with transparency and fairness. We promote free and fair trade competition by avoiding unfair trading practices, such as transactions that give rise to conflicts of interest. We also recognise our responsibility to all stakeholders in the supply chain, including shareholders, employees, customers, trade partners, communities and government agencies, and strive to balance business development and the needs of our stakeholders.

We operate our business with social and environmental responsibility by adhering strictly to the spirit of applicable laws and regulations related to the environment, occupational health and safety. We continuously consider alternatives to our use of natural resources that result in the least negative impact on society, the environment and the quality of life of stakeholders, and support the development of projects and activities that benefit society and the environment.

Our emphasis on producing quality and environmentally friendly products for our customers stems from our corporate vision to "deliver the touch of life on a global scale". Our use of environmentally friendly technology is evident from our environmental policy and application of the ISO 14001:2015 environmental management system. We also seek to conserve resources and energy to reduce our carbon dioxide emissions – such efforts include using energy-saving equipment and renewable energy from our use of woodchips which are biomass fuel. In addition, our employees are encouraged to participate in activities such as the Kaizen Green Process Contest that reduce the use of electricity, water, oil, chemicals and paper in our production processes. Other activities include waste sorting and recycling in our factories, as well as joining campaigns to reduce the use of plastic bags.

We have set objectives and guidelines regarding our environmental management system. This includes the 3R concept of "Reduce, Reuse and Recycle". For example, at our Surat Thani factory, the wastewater that has been treated according to the standards of our wastewater treatment system is reused in our production processes. We also have a waste-to-value system to sort our waste. Additionally, in accordance with the relevant legal and regulatory requirements, we prepare environmental monitoring, inspection, measurement and reporting plans. This includes measuring and reporting the quality of water discharged from our factories, measuring the quality of air emissions from our boiler vents and the factory-specific measurements of industrial sludge. We also dispose of our industrial waste with waste processors registered with the Department of Industrial Works of the Ministry of Industry of Thailand. In the event that our measurement results do not pass the prescribed standards, we will take the necessary corrective actions. To date, our measurement results have always met the prescribed standards. Both our Surat Thani and Trang factories have received ISO 14001:2015 certification.

In addition to the environmental monitoring and auditing within our factories, we have collaborated with the communities near our factories to address their environmental concerns. Moreover, we also participate in various government environmental conservation projects that focus on enhancing environmental management for industrial plants, such as the Environmental Governance Program, the Green Industry Project and the CSR-DIW (Corporate Social Responsibility, Department of Industrial Works) Project. In 2019, our Hat Yai factory received a gold level plaque of honour for compliance with the environmental law on waste water management, and the CSR-DIW Continuous Award for the second consecutive year. In 2020, our Hat Yai factory joined a governmental project to promote the use of carbon footprint for organisations in the industrial sector as a pilot participant and registered with the TGO.

In addition, we conduct corporate social responsibility activities for our staff, including social activities such as hosting events on Children's Day, during Songkran Festival and conducting an International Sports Day for our employees.

MATERIAL LITIGATION

We are not a party to any litigation or arbitration proceedings which may have, or which have had in the 12 months immediately preceding the date of this Introductory Document, a material effect on the financial position or profitability of our Group.

ORDER BOOK

Amid the ongoing COVID-19 situation, which has resulted in a surge in global demand for rubber gloves, we have received many orders from customers worldwide in excess of our current production capacity. Save for long-term contracts with fixed volume and prices, prices of such orders are typically determined approximately two months prior to shipment of the products. As at the Latest Practicable Date, we have an outstanding order book of approximately 4,466.6 million pieces of gloves (in respect of long-term contracts and orders with confirmed prices).

COMPETITION

We operate in a highly competitive industry. We face competition from large manufacturers in the region, especially those in Malaysia and the PRC. Competition is based on factors such as pricing, product quality, market penetration and cost competitiveness. We believe that we are able to compete against other manufacturers of rubber gloves due to our established reputation, our competitive edge in terms of product mix, cost advantage, the consistent quality of our products and our good relationships with existing customers. See *"Risk Factors – Risks Relating to Our Business and Industry – Our industry is highly competitive and we face significant competition from major industry players and/or manufacturers of substitute products"* for further details.

The ongoing COVID-19 pandemic has further intensified competition in our industry. The surge in demand for medical gloves has attracted new entrants to our industry, while existing manufacturers of rubber gloves have or are in the process of expanding production capacities and ramping up production in response to the heightened demand.

We believe that our main competitors include some of the largest rubber glove manufacturers in the world, including Top Glove, Hartalega, Kossan and Supermax, all of which are based in Malaysia.

COMPETITIVE STRENGTHS

We believe that our Group benefits from a number of competitive strengths underpinned by our track record and the experience of our management team.

Our factories are strategically located in Thailand.

Our factories are strategically located in south Thailand, which has plenty of rubber plantations and is also the main production site of latex, the main raw material for the production of our natural rubber gloves. This allows us to source concentrated latex at a lower cost than our major competitors in the region, especially Malaysian rubber glove manufacturers. There are insufficient domestic natural rubber resources in Malaysia, where Malaysian rubber glove manufacturers need to import natural rubber latex from Thailand to be used as raw materials in their production of natural rubber gloves. This results in these manufacturers incurring increased procurement costs, which includes the rubber export tax for importing rubber from Thailand. In addition, our Hat Yai factory located in Hat Yai District, Songkhla Province and our Surat Thani factory located in Kanchanadit District, Surat Thani Province are adjacent to STA's concentrated latex factory, which supplies concentrated latex to us. This results in reduced transportation costs and raw materials storage costs to us.

As for the procurement of fuel for the production of thermal energy in the production process, we procure firewood as fuel due to our location at the main rubber plantation sites in Thailand. This gives us a fuel cost advantage over our major regional competitors, particularly competitors in Malaysia, who are largely dependent on natural gas for their production processes. While the Malaysian government currently subsidises the cost of natural gas, such subsidies may be withdrawn and/or reduced.

As of the Latest Practicable Date, we have a total installed capacity of approximately 33.3 billion pieces per year, which we believe makes our Group the largest manufacturer of rubber gloves in Thailand and the third largest in the world.

We use modern production technology.

We have a R&D team that continually works on developing and procuring up-to-date production technology which is applied to our production lines. Our production lines are capable of producing gloves with flexibility in product modification, including the ability to adjust the thickness, colour, texture and size of our gloves. These capabilities have resulted in the flexibility to make appropriate and timely changes in production plans to meet demand. Furthermore, our Company is able to meet a wide range of product requirements from customers spanning many industries, including the medical, food and electronics industries. At present, production at our Hat Yai factory and Surat Thani factory can be adjusted to alternate between powder-free natural rubber gloves and nitrile gloves in order to effectively respond to the changing needs of customers globally. This also gives us a competitive advantage over our major competitors in the region as most of them are primarily focused on producing nitrile gloves.

We have and will continue to implement modern production technologies in our production processes by increasingly replacing manual labour with automated processes as follows:

- (a) **Auto Mixing.** We have automated the raw materials preparation process, which enables the mixing of latex and various chemicals to be more precise.
- (b) **Supervisory Control and Data Acquisition (SCADA).** We use a centralised control and processing system, SCADA, which automatically collects and records data on our production process and remotely controls our production machinery, which helps ensure the consistent quality of our products.

- (c) **Vision Camera System.** We use sensor waste detection technology to identify and sort rubber gloves of inferior quality at the end of our production process.
- (d) **Auto Stripping.** We automate the process for stripping the rubber gloves from their formers.
- (e) **Auto Stacking and Auto Packing.** We use automation systems to sort, count and package the rubber gloves. These systems also sort the packaged gloves onto pallets via robotic arms.
- (f) **Rail Guided Vehicle (“RGV”).** The RGV system conveys the pallets for storage at the warehouse.
- (g) **Smart Warehouse.** Our warehouse is equipped with an automation system that enables fast and accurate delivery of goods while reducing the use of space by more than 50.0%, as compared to traditional storage mediums.

The adoption of these automation systems has reduced the use of human labour in our production processes and helped in reducing production costs, thereby mitigating errors in the production process and ensuring consistent product quality. Currently, we are also able to verify warehouse management information more accurately and precisely. The new production plant at our Hat Yai factory has fully applied these automation systems. In addition, the new plant at our Trang factory is able to produce natural rubber gloves at a rate of approximately 54,000 pieces per hour, which we believe to be one of the most efficient production processes in the industry.

We have wide distribution channels.

We have various distribution channels for rubber gloves that cover major markets around the world. To date, we have exported our rubber gloves to more than 140 countries worldwide, comprising products under the trademarks of our Group and products distributed through distributors under third party labels which we manufacture as an OEM. We market our products worldwide mainly through third party distributors, and have a geographically diverse customer base of over 3,700 customers globally. We believe we have developed a substantial presence in high-growth markets such as Asia Pacific, Africa and South America, which have begun to focus on the development of health and sanitation systems and whose consumption of rubber gloves is expected to increase. This can be seen from our sales of rubber gloves in Asia Pacific (including Thailand), which grew from THB 4,458.5 million in FY2018 to THB 4,655.5 million in FY2019 and THB 11,096.9 million in FY2020. In Africa and South America, sales grew from THB 1,331.2 million in FY2018 to THB 1,839.0 million in FY2019 and THB 3,901.7 million in FY2020.

Our access and entry into these high growth markets enables us to build a strong base of distributors and corporate customers to support the continuous growth of our rubber gloves business in the future. In addition, our subsidiaries, namely SDME and STU, also market and distribute rubber gloves under the trademarks of our Group, in addition to the OEM sales, in the PRC and the US. The US is the world’s largest rubber glove market and we see an opportunity to significantly expand our market share there.

We have a long track record of operating in the rubber glove industry, which has high barriers to entry.

We have a long track record of operating in the rubber glove industry, with more than 30 years of experience and expertise in the business of producing and distributing quality rubber gloves which meet the needs of customers, as well as long-standing good relationships with our distributors. The business of manufacturing and distributing medical gloves not only requires a large capital investment, but also requires various licensing and certification, both in Thailand and elsewhere. Every company which manufactures or distributes medical gloves is required to comply with

various well-accepted international standards and legal and regulatory requirements related to business operations. In addition, the specific standards and requirements of customers must be met, and these vary according to the particular market that the customer operates in. Important licences or certificates relating to our Company's business operations include:

- the licence to operate a factory business;
- the registration of medical device manufacturing establishment; and
- the licences of our distributors which enable our Company to distribute rubber gloves in various countries.

We have also met both domestic and international standards relating to the quality of our production processes and products, such as EN ISO 13485:2016 and ISO 9001:2015 certification, GMP certification of compliance with the criteria and methods for good manufacturing of medical devices, US Food and Drug Administration approval (510K) and European medical device standards (Medical Device Directive).

Meeting the aforementioned standards and obtaining the relevant licences involves many approval procedures and conditions, varying according to the type of licence or certificate and the country which is issuing the licence or certificate. Key licences, such as our distributors' distribution licences to allow products to be distributed in a particular country, require an approval process which takes more than six months and can last for more than a year. Further, the process is often complex and involves compliance with many laws, making it necessary for rubber glove manufacturers to have a good understanding of the requirements of relevant laws and regulations, including experience in document preparation and the implementation of various procedures relating to the licences and certificates. This is a barrier to entry and an obstacle for new rubber glove manufacturers wishing to compete in the business, as they may not be able to manufacture and market products in various markets around the world until such approvals and licences have been received.

We have a strong reputation for high quality products and service standards.

We have more than 30 years of experience and expertise in the business of producing and distributing quality rubber gloves which meet the needs of customers, as well as long-standing good relationships with our distributors. Although the products of each manufacturer and distributor do not differ much, we focus on building a strong reputation by producing quality products and maintaining excellent service standards. For example, we have a wide range of products to cover many applications and develop low-cost products by harnessing technology in our production processes. This results in the strengthening of customers' trust and belief in our Company's products and services, allowing us to maintain our existing customer base and further expand our business towards a more business-to-customer (B2C) business model.

We have a policy of continuously improving our management system. Accordingly, our factories have been audited by independent industry and commercial standards organisations. Furthermore, all of our factories have been certified for quality management systems after having met standards such as ISO 9001:2015 certification (Quality Management System) and EN ISO 13485:2016 certification (Medical Devices-Quality Management System).

Our senior management team has extensive experience and expertise in the rubber glove manufacturing and distribution business.

Our management team collectively has had decades of experience in the business of manufacturing and distributing rubber gloves and other related businesses. The management team also has extensive managerial and technological experience in this industry. The success of our Company in the past has demonstrated the ability of the management team to build and expand the business, maintain our existing customer base while building new customer bases, and provide stable leadership of our Company through difficult economic, political and industry situations. We believe that the experience and knowledge of our management team and the business relationships that they have built with suppliers of raw materials and key customers will continue to benefit the growth and development of our Company in the future.

In addition, we are committed to the professional development of our employees with an established career development plan and individual development plan, consisting of leadership development, job migration of duties and responsibilities as well as special project assignment, to ensure that a pool of potential successors is ready to step in to work in their designated positions. The succession plan and list of successors are reviewed annually to develop key personnel for positions in senior management. This practice helps to create an organisational culture that gives employees a sense of ownership in the future of our Group.

We have a strategic relationship with our Controlling Shareholder, the STA Group, which is a leading fully integrated natural rubber company.

We have a strategic relationship with the STA Group, a leading operator in the upstream and midstream businesses of natural rubber products. As at the Latest Practicable Date, STA and its subsidiary, RBL, collectively hold approximately 56.2% of the total paid-up capital of our Company.

Based on the annual report of STA for FY2020, STA is the world's leading fully integrated natural rubber company with a market share of approximately 8.0% of the global natural rubber consumption in 2020²⁰ and offers a wide range of basic natural rubber products which cover all types of rubber, including block rubber, smoked sheet rubber and concentrated latex for distribution to tyre manufacturers, rubber glove manufacturers and condom manufacturers worldwide. In addition, the STA Group has significant experience in the business of concentrated latex and has advanced production technology which allows the STA Group to effectively control the quality of the concentrated latex. Purchasing key raw materials from the STA Group gives our Company a number of competitive advantages:

- flexibility in managing raw materials orders and confidence in the quality of raw materials, giving rise to business stability;
- joint procurement of certain raw materials, such as ammonia, fuel and other factory materials, with the STA Group and the sale of raw materials to us by STA group allows us to enjoy economies of scale;

²⁰ Source: Annual report of STA for FY2020. STA has not provided its consent to the inclusion of the information cited and is therefore not liable for such information. While our Company has taken reasonable actions to ensure that such information has been included in its proper form and context in this Introductory Document, neither our Company, our Directors, the Issue Manager nor any other party has verified the accuracy of the contents of such information.

- we are able to set requirements of properties or quality of the desired latex, and we are able to jointly conduct research, develop and invent new formulations of concentrated latex together with the STA Group, in order to produce natural rubber gloves with different properties to satisfy the needs of various customers. At present, we and the STA Group have jointly developed and invented latex that has been certified by the FSC, an internationally recognised forest management organisation in the responsible management of forests. FSC-certified products must be verified throughout the supply chain to ensure that the products are processed from commercially grown rubber which is managed responsibly;
- we can quickly and effectively trace the root causes of any issues relating to the quality of latex where problems are detected in the course of our production process, which enables us to solve problems in a timely manner; and
- we have access to information regarding the movement of market conditions and the trend of latex prices. This results in an advantage in setting the selling price of natural rubber gloves and planning marketing strategies in accordance with the trend of concentrated latex prices, thereby allowing our Company to manage costs more efficiently.

In addition, we have been able to benefit from having STA as our major shareholder, for example, in terms of market position, reputation, expertise and reliability, access to distribution channels for rubber gloves both in Thailand and overseas, and participation in STA Group's R&D programme.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategy comprises the following key elements:

Continually expand production capacity to support the growth of the rubber glove industry

We intend to continually invest in increasing the production capacity of our factories to meet market demand and support the continuing growth of the global rubber glove market. Our installed capacity has grown from an estimated 15.1 billion pieces per year in 2015 to 32.6 billion pieces per year as of 31 December 2020. As at the Latest Practicable Date, we have a total installed capacity of approximately 33.3 billion pieces per year. We have long-term plans to expand our installed capacity to approximately 80 billion pieces per year by 2024 and aim to increase our installed capacity to approximately 100 billion pieces per year by 2026, through investment in expanding our production capacity in our current production plants and also in new locations organically and also through mergers or acquisitions. This will ensure that we will have sufficient production capacity to support future growth in demand for rubber glove products and to create strong and stable growth for our business.

Over the next several years, we plan to invest significantly in increasing our production capacity and production through the following projects:

- **Expansion of Surat Thani Factory**

We plan to expand the installed capacity of our Surat Thani factory by approximately 6.1 billion additional pieces of rubber gloves per year by expanding the current facility as well as building a new facility which will be able to produce both powder-free natural rubber gloves and nitrile gloves. We expect the capital expenditure required for this project (including the cost of land) to be approximately THB 3.4 billion over a three-year period from 2020 to 2022. We intend to finance this project using our long-term bank borrowings as well as the proceeds of our Thai IPO. As at the Latest Practicable Date, we have expended approximately THB 1,603.9 million on this project.

We began construction in July 2020 and have commenced commercial production in the first quarter of 2021 for some production lines. We expect to complete construction of all 18 production lines in the first quarter of 2022.

- **Construction of PS Factory**

We plan to construct a new factory on vacant land that our subsidiary, PS owns in Sadao District, Songkhla Province. The area is designated as a special economic zone (SEZ) by the BOI and our Company will receive fiscal incentives, such as tax benefits, for investing in the area. The new factory, when fully constructed, will have an installed capacity of approximately 2.9 billion pieces of rubber gloves per year and be able to produce both powder-free natural rubber gloves and nitrile gloves. We expect the capital expenditure required for this project (including the cost of land) to be approximately THB 1.8 billion over a three-year period from 2020 to 2022. We intend to finance this project using long-term bank borrowings and the proceeds of our Thai IPO. As at the Latest Practicable Date, we have expended approximately THB 566.9 million on this project.

We began construction in September 2020 and expect to commence commercial production in the third quarter of 2021 for some production lines and complete construction of all eight production lines around the second quarter of 2022.

- **Construction of Anvar Factory**

We plan to construct a new factory on vacant land that we own in Sumnakkham District, Songkhla Province. The area is designated as a special economic zone (SEZ) by the BOI and our Company will receive fiscal incentives, such as tax benefits, for investing in the area. The new factory, when fully constructed, will have an installed capacity of approximately 7.2 billion pieces of rubber gloves per year and be able to produce both powder-free natural rubber gloves and nitrile gloves. We expect that the capital expenditure required for this project (including the cost of land) will be approximately THB 4.2 billion over a four-year period from 2020 to 2023. We intend to finance this project using long-term bank borrowings, the proceeds of our Thai IPO, and/or internally generated cash flows. As at the Latest Practicable Date, we have expended approximately THB 1,233.9 million on this project.

We began construction in November 2020 and expect to commence commercial production in the first quarter of 2022 for some production lines and complete construction of all 20 production lines around the first quarter of 2023.

- **Construction of Chumphon Factory**

We plan to construct a new factory on vacant land that we own in Pathiew District, Chumphon Province. The new factory, when fully constructed, will have an installed capacity of approximately 13.0 billion pieces of rubber gloves per year and be able to produce both powder-free natural rubber gloves and nitrile gloves. We expect that the capital expenditure required for this project (including the cost of land) will be approximately THB 7.3 billion over a three-year period from 2021 to 2023. We intend to finance this project using the proceeds of our Thai IPO and internally generated cash flows. As at the Latest Practicable Date, we have expended approximately THB 850.7 million on this project.

We began construction in January 2021 and expect to commence commercial production in the first quarter of 2022 for some production lines and complete construction of all 36 production lines around the fourth quarter of 2023.

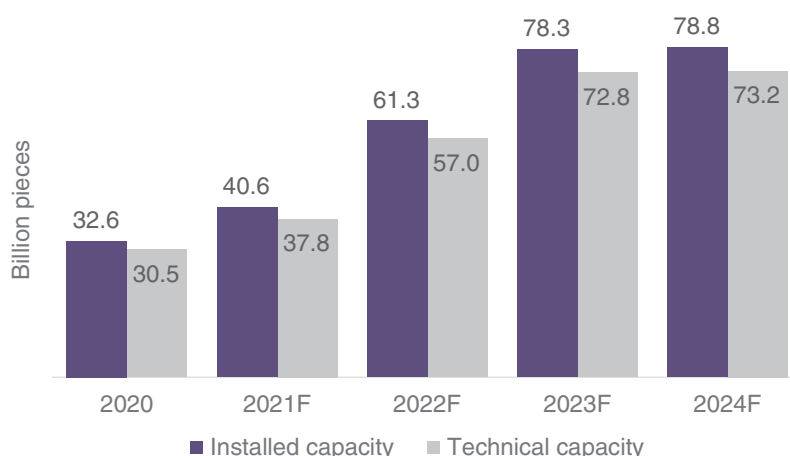
- **Expansion of Trang Factory**

We plan to expand the installed capacity of our Trang factory by approximately 16.7 billion additional pieces of rubber gloves per year by expanding the current facility as well as building a new facility which will be able to produce powdered natural rubber gloves, powder-free natural rubber gloves, and nitrile gloves. We expect that the capital expenditure required for this project (including the cost of land) will be approximately THB 8.7 billion over a three-year period from 2021 to 2023. We intend to finance this project using the proceeds of our Thai IPO, long-term bank borrowings, and/or internally generated cash flows. As at the Latest Practicable Date, we have expended approximately THB 351.9 million on this project.

We began construction in February 2021 and expect to commence commercial production in the fourth quarter of 2021 for some production lines and complete construction of all 48 production lines in the fourth quarter of 2023.

The abovementioned projects are, in each case, subject to change depending on factors such as governmental rules and regulations and general business and financial conditions, among other factors. Our Company may in each case decide to invest in a different location or vary the amount of the investment or the targeted production capacity. See also “*Notice to Investors – Forward-looking Statements*”.

The chart below sets out our estimated total installed and technical capacity as at the end of years 2020 to 2024 upon the completion of the abovementioned projects which have been approved by our Board.



Maintain our primary focus on natural rubber glove production while also maintaining an optimal level of nitrile glove production

Our business model focuses primarily on the production and distribution of natural rubber gloves while also maintaining an optimal level of nitrile glove production, as we have several advantages in the natural rubber glove segment over our major competitors in the rubber glove industry. These advantages include: (a) cost advantages from being strategically located in key rubber plantation sites in Thailand, resulting in our cost of concentrated latex being lower than that of our competitors; (b) competitive advantages in manufacturing and distributing natural rubber gloves as we have continuously focused on expanding our natural rubber glove production capacity, whereas the other major rubber glove manufacturers in the region have mostly focused on expanding their nitrile glove production capacity; and (c) advantages of procuring concentrated latex from our Controlling Shareholder, the STA Group, being the leading operator of the upstream and midstream of natural rubber businesses. Through this supply arrangement, we have secured a continuing supply of high quality concentrated latex at the specifications we require.

Besides focusing on expanding the production capacity of natural rubber gloves, we plan to design production lines that offer flexibility to transit between the production of powder-free natural rubber gloves and the production of nitrile gloves, in order to meet the diverse needs of our global customers in respect of rubber gloves.

Effectively manage costs across our business

One of our key strategies is the effective management of production costs as this is the main factor that affects our profitability. We continually look for ways to optimise production and reduce costs, including automating our production process to reduce human labour.

We also manage costs by diversifying our suppliers of raw materials. This allows us to compare prices and increase our bargaining power. We have also developed rubber gloves with specifications that can be used for a wide range of applications and markets, which has reduced downtime and other relevant costs associated with producing a variety of rubber glove products.

Our three factories are located in the southern region of Thailand, an important rubber production and processing region in Thailand. Our Hat Yai and Surat Thani factories are located in close proximity to the STA Group's concentrated latex factories which supply concentrated latex to us, thereby reducing our transportation costs and raw materials storage costs. In addition, our three factories are also located in close proximity to the local ports, which further reduces our transportation costs.

Expand our presence in existing and new markets by adding distribution channels, especially in high-growth countries

We aim to continue our expansion into emerging markets, including Asia Pacific, Africa and South America, in order to increase our global market position. We focus on expanding into these markets as we expect them to be bolstered by the following conditions:

- (a) significant potential for growth in consumption, as there is a relatively low per capita consumption of rubber gloves as compared to developed markets;
- (b) improved access to healthcare services in these economies, which will drive healthcare expenditure and demand for rubber gloves;
- (c) per capita GDP growth rates have outperformed those of the developed economies, which will continue to raise disposable income and increase demand for our rubber gloves; and
- (d) the predominant use of natural rubber gloves, our primary product segment, in the emerging markets as such gloves meet their intended use and are cheaper than nitrile gloves.

To execute our expansion strategy, our marketing team will continue to formulate marketing plans and select a variety of marketing methods suitable to each target country group. For example, our sales staff have established direct contact with prospective customers, developed local distribution platforms in key markets, collaborated with customers in developing and designing products, participated in exhibitions or relied on word of mouth marketing.

We also aim to enhance our existing presence in developed markets such as the United States, Europe and Japan, which have large customer bases and high rates of rubber glove usage. We have developed additional distribution channels to expand our market share in these key markets, including the distribution of rubber gloves via various online platforms. We also continue to adopt strict quality control measures so as to consistently meet the specifications required by these customers.

Increase the proportion of our owned trademarks products as well as expand our business to a new base of customers

We produce high quality products both under OEM as well as under our Group's trademarks. Our products are distributed through a variety of channels in different markets, including distribution through our own distribution platforms, through agents, dealers as well as directly to private and government hospitals in various countries. We aim to increase the proportion of our owned trademarks products from 14.5%, 15.8% and 19.8% in FY2018, FY2019 and FY2020, respectively, to 50.0% within the next three years. In addition to promoting the products under our trademarks, selling more products under our owned trademarks will also reduce costs due to reduced complexity of production and packaging arrangements.

In addition, the ongoing COVID-19 pandemic has resulted in high demand for rubber gloves not just for medical use, but also for non-medical purposes in other industries and daily life. We believe that demand for rubber gloves in non-medical segments will increase substantially and sustainably. We therefore intend to extend our base of customers to non-medical segments in the future.

REGULATIONS

The following is a summary of the material laws and regulations applicable to our Group as at the Latest Practicable Date. As of the Latest Practicable Date, our Group is in compliance with the laws and regulations that would materially affect our business operations.

THAILAND

Factory Act

The operation of a factory in Thailand is regulated under the Factory Act B.E. 2535 (1992) (as amended) (the “**Factory Act**”). The Factory Act regulates and controls the operation, expansion and safety of factories in Thailand and the levels of industrial pollution released through factory activities. A factory means buildings, premises, or vehicles using machine with total power from 50 horsepower or equivalent of 50 horsepower or more or which employ 50 workers or more with or without machinery to engage in factory operation in accordance with the type or kind of factory as prescribed in the Ministerial Regulation Prescribing Categories, Types and Sizes of Factory, B.E. 2563 (2020). Generally, a factory licence or approval from the Department of Industrial Works, Ministry of Industry in Thailand must be obtained for the operation of a factory.

Certain types of factories do not require licences or governmental approval. The extent of governmental regulations that apply to each factory varies according to the perceived amount of environmental impact and the level of environmental protection deemed necessary.

Our business requires a factory licence for each plant. See “*Business – Licences and Permits*”. Currently, the term of the factory licence would be perpetual so long as the licensee is in compliance with the terms of the licence.

Medical Device Act

According to the Medical Device Act B.E. 2551 (2008) (as amended), a business operator which manufactures medical devices (including medical examination gloves) is required to register its medical device manufacturing plant with the Food and Drug Administration of Thailand.

The certificate of registration of the medical device manufacturing plant is valid for five years and can be renewed by submission of an application for renewal prior to the expiration date.

Rubber Control Act

The Rubber Control Act B.E. 2542 (1999) regulates, among others, the trading of rubber and the establishment of a rubber factory. A company that wishes to trade in or establish a rubber factory is required to obtain the necessary licence from the Director-General of the Department of Agriculture, Ministry of Agriculture and Cooperatives of Thailand.

A trading licence or a rubber factory licence is valid for one year. If the holder of the licence wishes to renew the licence, it must file an application for renewal of the licence prior to the expiration date.

Public Health Act

Pursuant to the Public Health Act B.E. 2535 (1992) (as amended), the production of medical examination gloves is considered an activity that is harmful to health, as it involves rubber. The operator of a plant manufacturing medical examination gloves is required to obtain a licence (licence to operate business detrimental to health) from the relevant authority of the municipality where the plant is located.

A licence is valid for one year, and the licensee may file an application for renewal of the licence prior to the expiration date.

Trade Competition Act

The Trade Competition Act establishes rules governing mergers and acquisitions whereby mergers and acquisitions which create a monopoly or a dominant position in a market require prior approval from the TCC, and mergers and acquisitions which significantly reduce competition in the market require post-merger notification to the TCC. The Trade Competition Act also lays down important commercial conduct regulations, such as prohibitions on: (i) an abuse of a dominant market position; (ii) a joint act of business operators tantamount to a monopoly or resulting in reduced or restricted trade competition; (iii) unfair trade practices; and (iv) agreements with foreign business operators that are unreasonable and which adversely affect the economy and consumers. Such provisions may impact our business operations.

A business operator with a “dominant market position” under the Trade Competition Act includes: (i) any business operator having a market share of 50.0% or more and having sales turnover amounting to one billion Baht or more in the past year; or (ii) any top three business operators having a combined market share of 75.0% or more and each having sales turnover of one billion Baht or more in the past year, but excluding a business operator having a market share of less than 10.0%.

There is a risk of our Company being classified as a business operator with a “dominant market position” in respect of our glove products, thereby subjecting our Company to a number of restrictions and requirements under the relevant laws and related requirements, such as obtaining approval from the TCC if we wish to acquire, sell or merge with other businesses in Thailand in the future, or in our compliance with the rules prohibiting abuse of dominant market position as well as the rules applicable to business operators in general.

Investment Promotion Act

Pursuant to the Investment Promotion Act, B.E. 2520 (1977) (the “**Investment Promotion Act**”), the BOI has issued notifications specifying types and sizes of business undertakings eligible for investment promotions and conditions for granting the promotions, which may be amended from time to time as it considers appropriate for the social and economic circumstance.

Subject to the Investment Promotion Act and relevant notifications, the BOI has granted the investment promotions to the manufacture of natural rubber products and the manufacture of medical devices, which include: (a) tax incentives such as exemption from import duties on machinery and raw or essential materials, and exemption from corporate income tax on the net profit and dividends derived from the promoted activity; and (b) non-tax incentives such as permit to remit money abroad in foreign currency.

Some of our factories are located in the investment promotion zone as prescribed by laws, following the expiry of the period for exemption from corporate income tax on the net profit derived from the promoted activity referred to in the paragraph above, our Company also obtained a 50.0% reduction to the normal corporate income tax rate on net profit from promoted activity for a further period of up to five years.

THE PRC

Laws and Regulations Relating to Medical Devices

Regulations on the Supervision and Administration of Medical Devices

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (医疗器械监督管理条例) promulgated on 4 January 2000 and most recently amended on 4 May 2017, the National Medical Products Administration (the “NMPA”, of which the predecessor is the China Food and Drug Administration) is in charge of the national supervision and administration of medical devices. The local branches of NMPA at the city level and above are responsible for the supervision and administration of medical devices within their own administrative districts.

In the PRC, medical devices have been classified into three categories based on their risk degree. Class I medical devices refer to those devices with low risks and whose safety and effectiveness can be ensured through routine administration. Class II medical devices refer to those devices with moderate risks and whose safety and effectiveness shall be strictly controlled and administered. Class III medical devices refer to those devices with relatively high risks and whose safety and effectiveness must be strictly controlled and administered with special measures.

The medical devices of Class I shall be subject to the product filing administration, and the medical devices of Class II and Class III shall be subject to the product registration administration. The imported medical devices shall be the medical devices which have completed the registration or filing procedure in accordance with relevant provisions.

The products we currently sell in the PRC are Class I and Class II medical devices.

Regulations on the Registration of Medical Devices

According to the Administrative Measures for the Registration of Medical Devices (医疗器械注册管理办法) promulgated on 30 July 2014, medical devices sold in the PRC require an application for registration or completion of a filing in accordance with the relevant provisions.

Domestic Class II medical devices shall be examined by the provincial branches of the NMPA and a Medical Device Registration Certificate (医疗器械注册证) for such medical device shall be issued upon approval. For imported medical devices belonging to Class I, the registrants shall submit filing materials to the NMPA.

For a registered medical device belonging to Class II or III, where there is any change in the contents indicated in the medical device registration certificate or any annex thereto, the registrant shall apply to the original registration authority for modification of registration and shall submit application materials in accordance with the relevant requirements.

Regulations on the Operation of Medical Devices

Pursuant to the Measures for the Supervision and Administration of Medical Devices Operation (医疗器械经营监督管理办法) promulgated on 30 July 2014 and amended on 17 November 2017, an enterprise engaging in the operation of medical devices shall have business premises and storage conditions suitable for the operation scale and business scope. It shall also have a quality control department or relevant quality control team. A licence or filing is not required for business activities involving medical devices of Class I. Filing requirements shall apply to business activities involving medical devices of Class II.

Pursuant to the Administrative Measures on Supervision of Online Sales of Medical Devices (医疗器械网络销售监督管理办法) promulgated on 20 December 2017, enterprises undertaking online sales of medical devices are required to fill in an information sheet for online sales of medical devices, and file information such as enterprise name, name of legal representative or key person-in-charge, domain name and website IP address with the local counterpart of NMPA.

Regulations on Foreign Investment

Investment in the PRC conducted by foreign investors and foreign-owned enterprises are required to comply with the Special Administrative Measures for Access of Foreign Investment (Negative List) (2020 Edition) (外商投资准入特别管理措施(负面清单)(2020年版)), promulgated on 23 June 2020, which contains specific provisions guiding market access of foreign capital and stipulating in detail the areas of entry pertaining to the categories of restricted foreign-invested industries and prohibited foreign-invested industries.

The establishment, operation, and management of corporate entities in the PRC are governed by the Company Law of the PRC (中华人民共和国公司法), which was promulgated on 29 December 1993 and most recently amended on 26 October 2018. According to the Company Law of the PRC, foreign-invested companies are also regulated by the Company Law of the PRC, unless foreign investment-related laws provide otherwise.

The Foreign Investment Law of the PRC (中华人民共和国外商投资法), which was promulgated on 15 March 2019, applies to investment activities in the PRC carried out directly or indirectly by foreign natural persons, enterprises or other organisations.

Pursuant to the Measures for the Reporting of Foreign Investment Information (外商投资信息报告办法) promulgated on 30 December 2019, foreign investors or FIEs shall report investment information to the relevant commerce authorities through the Enterprises Registration System and National Enterprise Credit Information Publicity System.

Product Liability

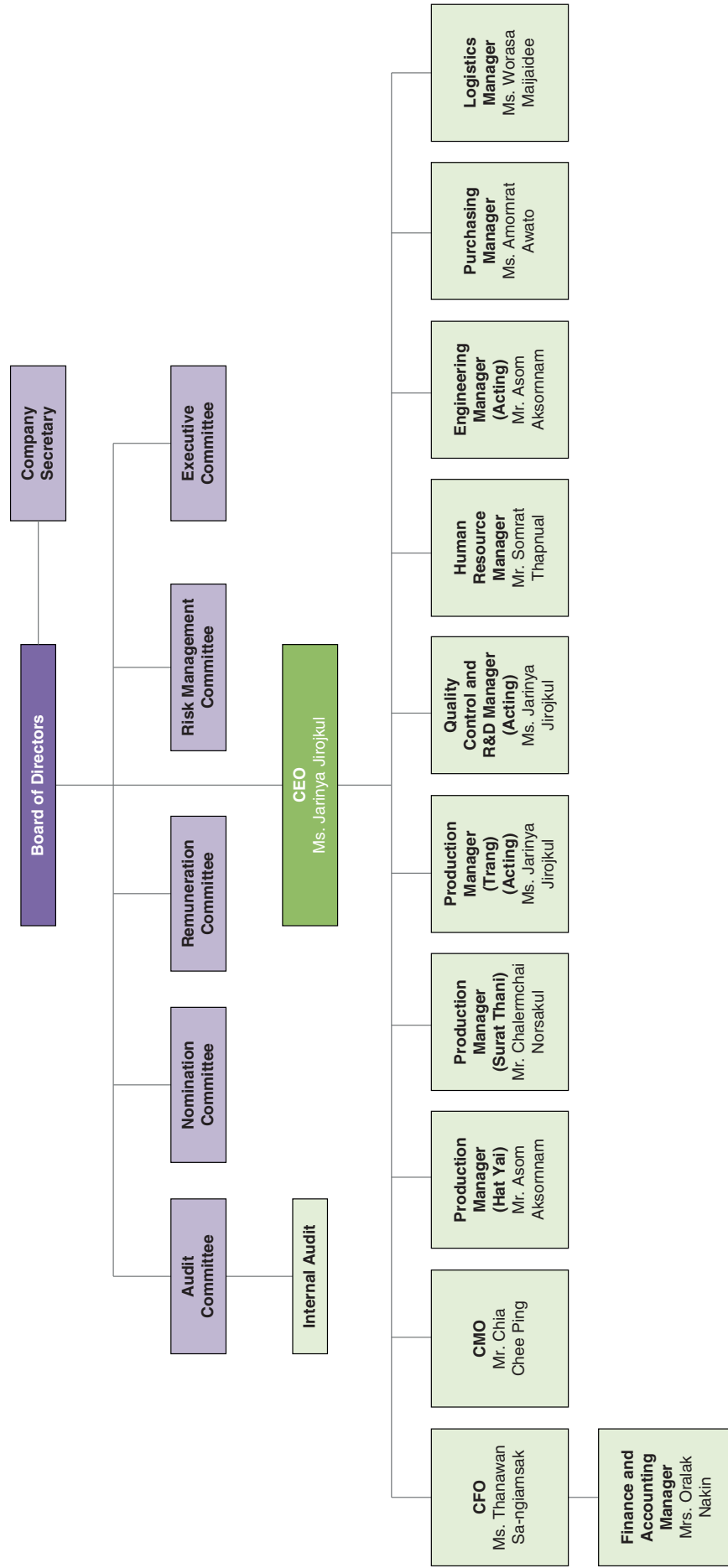
Product Quality Law

According to the Product Quality Law of the PRC (中华人民共和国产品质量法), which was promulgated on 22 February 1993 and most recently amended on 29 December 2018, producers are liable for the quality of the products they produce. In the event that any person produces or sells products that do not comply with the relevant national and industrial standards for the protection of the health and safety of human and property, the relevant authority may order such person to suspend the production or sales, confiscate the products illegally produced or sold, impose a fine of an amount higher than the value of the products illegally produced or sold and less than three times of the value of such products, confiscate illegal gains (if any), and revoke the business licence in severe cases. Where the activities constitute a crime, the offender may be prosecuted.

MANAGEMENT AND CORPORATE GOVERNANCE

MANAGEMENT REPORTING STRUCTURE

The following diagram illustrates the management reporting structure of our Company:



DIRECTORS AND EXECUTIVE OFFICERS

Directors

Our Directors are entrusted with the responsibility for the overall management of our Group, with our day-to-day operations being entrusted to our Executive Directors and Executive Officers. The following table sets out information regarding our Directors as of the date of this Introductory Document.

Name	Age	Position
Prof. Dr. Weerakorn Ongsakul	53	Chairman and Independent Director
Mr. Kitichai Sincharoenkul	61	Vice Chairman and Non-executive Director
Dr. Viyavood Sincharoenkul	65	Non-executive Director
Ms. Jarinya Jirojkul	50	Executive Director and CEO
Ms. Thanawan Sa-ngiamsak	42	Executive Director and CFO
Mr. Chia Chee Ping	53	Executive Director and CMO
Mr. Anan Pruksanusak	66	Executive Director
Mr. Vitanath Sincharoenkul	31	Executive Director
Mr. Veerasith Sinchareonkul	36	Non-executive Director
Mrs. Unakorn Phruithithada	63	Independent Director
Clinical Prof. Dr. Sarana Boonbaichaiyapruk	61	Independent Director
General Bundit Boonyapan	62	Independent Director

The address of our Directors is c/o No. 110 Kanjanavanit Road, Pahtong Sub-district, Hat Yai District, Songkhla 90230, Thailand.

Information regarding the areas of responsibility and working experience of our Directors is set out below.

Prof. Dr. Weerakorn Ongsakul is our Chairman and Independent Director and was appointed to our Board on 31 May 2019.

Since 2017, Prof. Dr. Ongsakul has been a professor in the School of Environment, Resources and Development at the Asian Institute of Technology, Thailand. He has since 2017 also been an executive director and oversees the operations of Star Energy Services Co., Ltd., a company engaged in the gas station business.

Prof. Dr. Ongsakul graduated with a Bachelor of Engineering in Electrical Engineering from Chulalongkorn University, Thailand in 1988, a Master of Science in Electrical Engineering from Texas A&M University, United States in 1991 and a Doctor of Philosophy in Electrical Engineering from Texas A&M University, United States in 1994. He was registered as a Chartered Financial Analyst in 2017 and in 2019, he underwent the Director Certification Program conducted by the Thai Institute of Directors. Since 2019, Prof. Dr. Ongsakul has also been certified as an energy risk professional by the Global Association of Risk Professionals.

In 2019, Prof. Dr. Ongsakul was awarded the IEEE PES Outstanding Engineer Award 2019 by the IEEE Power and Energy Society Thailand Chapter, which recognises outstanding contributions of local engineers to the power engineering profession in Thailand.

Mr. Kitichai Sincharoenkul is our Vice Chairman and Non-executive Director and was appointed to our Board on 1 April 2019.

Since 1995, Mr. Sincharoenkul has served as an executive director and group manager of legal and administration in STA, where he oversees the legal and administrative departments. Mr. Sincharoenkul currently also sits on the boards of Semperflex Asia Corp., Ltd., an associate of STA and a manufacturer of high-pressure hydraulic hoses, and STI and STA IBC, subsidiaries of STA, which are engaged in the distribution of natural rubber products and the provision of technical, innovation, IT and advisory services, respectively.

Mr. Sincharoenkul graduated with a Bachelor of Economics from Thammasat University, Thailand in 1980 and a Master of Business Administration from Indiana State University, United States in 1983. He underwent the Director Accreditation Program conducted by the Thai Institute of Directors in 2007.

Dr. Viyavood Sincharoenkul is our Non-executive Director and was appointed to our Board on 1 April 2019.

Dr. Sincharoenkul is a co-founder of STA and has been with the STA Group as a member of its board of directors since its inception. From 1989 to 2012, he was an executive director at our predecessor entity, Siam Sempermed Corporation Limited (later renamed Sri Trang Gloves (Thailand) Co., Ltd.). Since 1993, Dr. Sincharoenkul has served as the managing director of STA and is responsible for the overall business management and development of the business strategies of the STA Group. Since 2010, he has also held the position of chairman of the board of directors of STA. Since 2002, Dr. Sincharoenkul has served as an executive director in STI, which distributes natural rubber in Singapore. He also presently sits on the boards of Semperflex Asia Corp., Ltd. and STA IBC.

Dr. Sincharoenkul graduated with a Bachelor of Science (First Class Honours) and a Doctor of Philosophy in Chemistry from Queen Elizabeth's College, University of London in 1978 and 1981, respectively.

Ms. Jarinya Jirojkul is our Executive Director and CEO and was appointed to our Board on 1 April 2019. She is responsible for the overall business and strategic direction of our Group. She also concurrently serves as our Acting Production Manager (Trang Branch) and Acting Quality Control and Research and Development Manager.

From 2015 to 2019, Ms. Jirojkul was the managing director of our predecessor entity, Thaikong, where she held similar responsibilities as her current role in our Company. Prior to that, Ms. Jirojkul worked at our predecessor entity, Siam Sempermed Corporation Limited (later renamed Sri Trang Gloves (Thailand) Co., Ltd.) from 1999 to 2014, where her last held position was as project manager, responsible for all matters relating to expansion of production and developing and improving the production process.

Ms. Jirojkul graduated with a Bachelor of Science in Agro-industry from Prince of Songkhla University, Thailand in 1992 and a Master of Engineering in Food Engineering from King Mongkut's University of Technology Thonburi, Thailand in 1998. She underwent the Director Accreditation Program and the Risk Management Program for Corporate Leaders conducted by the Thai Institute of Directors in 2019 and 2020, respectively.

Ms. Thanawan Sa-ngiamsak is our Executive Director and CFO and was appointed to our Board on 1 April 2019. She is responsible for the financial and accounting, risk management and investor relations matters of our Group.

Ms. Sa-ngiamsak began her career in 2000 as an auditor at Ernst & Young Office Ltd. From 2001 to 2002, she was an excise tax and duty planner at The Shell Company of Thailand Ltd, where she was involved in tax planning for customs and excise tax purposes. In 2004, she was an assistant manager in the investment banking division of KASIKORNBANK Public Company Limited, where she advised on and executed debt financing transactions. From 2005 to 2011, she was a vice president in the investment banking division of Kasikorn Securities Public Company Limited, where she was responsible for providing financial solutions to clients including capital funding alternatives, shareholders wealth enhancement and value maximisation strategies. From 2011 to 2017, Ms. Sa-ngiamsak held the position of vice president of business development and investor relations of STA, where she was responsible for the business development, value enhancing projects and investor relations of the STA Group. In 2017, she was appointed as a director and the CFO of our predecessor entity, Sri Trang Gloves (Thailand) Co., Ltd..

Ms. Sa-ngiamsak graduated with a Bachelor of Science in Accounting (First Class Honours) from Thammasat University, Thailand in 2000 and a Master of Science in Finance from the University of Strathclyde, United Kingdom in 2004. She was professionally designated as a Certified Financial Analyst by the CFA Institute in 2009. She underwent the Director Accreditation Program and the Risk Management Program for Corporate Leaders conducted by the Thai Institute of Directors in 2019 and 2020, respectively. She also underwent the Strategic CFO in Capital Markets Program conducted by the SET in 2019.

Mr. Chia Chee Ping is our Executive Director and CMO and was appointed to our Board on 1 April 2019. He is responsible for the marketing and sales matters of the Group.

From 1994 to 1997, Mr. Chia was a bank officer at D&C Bank Bhd. (now known as RHB Bank Berhad), where he was involved in international trade financing and import financing. From 1998 to 1999, Mr. Chia was a senior executive at Talam Trading Sdn Bhd, a supplier of building materials. From 1999 to 2002, he was head of the sales division at Syarikat Metal Industries of Malaysia Sdn Bhd, where he was responsible for the domestic and export sales of ironmongery and architectural hardware products. From 2002 to 2007, he was the export sales manager at Supermax Latex Products Sdn Bhd, where he was responsible for the marketing and sales matters of the international glove business. From 2007 to 2019, Mr. Chia was the senior vice president in marketing at STA, where he was responsible for the marketing and sales matters of the global gloves team. From 2017 to 2019, Mr. Chia also concurrently served as a director of our predecessor entity, Sri Trang Gloves (Thailand) Co., Ltd.. As of 1 January 2020, Mr. Chia was seconded to our Company by STA IBC to serve as our CMO until 31 December 2024.

Mr. Chia graduated with a Diploma in Commerce (Business Management) from Tunku Abdul Rahman College, Malaysia in 1992. He obtained a Graduateship of the ICSA from the UK Institute of Chartered Secretaries and Administrators in 1994. He has also undergone the Director Accreditation Program conducted by the Thai Institute of Directors in 2019.

Mr. Anan Pruksanusak is our Executive Director and was appointed to our Board on 1 April 2019. He is responsible for setting the prices for our products in different markets across the world.

From 1993 to 2013, Mr. Pruksanusak was an executive director at STA, where he oversaw and managed the production facilities and production systems of our predecessor entity, Siam Sempermed Corporation Limited on behalf of STA. Since 2003, Mr. Pruksanusak has served as an executive director of Pruksa Mansion Co., Ltd., a family owned business conducting the business of real-estate rental. Since 2013, he has also been an executive director of Sup Pruksa Co., Ltd., a family owned pawn shop business. From 2013 to 2019, Mr. Pruksanusak was the managing director of Sri Trang Gloves (Thailand) Co., Ltd., and his responsibilities included overseeing our production facilities and production systems.

Mr. Pruksanusak underwent the Director Accreditation Program conducted by the Thai Institute of Directors in 2007.

Mr. Vitanath Sincharoenkul is our Executive Director and was appointed to our Board on 1 April 2019. He is responsible for developing our brand strategy.

Mr. Sincharoenkul began his career with STA in 2012 as a sales and marketing executive, where he was responsible for the sales and marketing of rubber gloves to overseas markets. From 2014 to 2018, he was a strategic branding executive at STA, where he was responsible for developing the brand of STA's glove products. From 2018 to 2020, Mr. Sincharoenkul served as the strategic branding manager of STA, where he was responsible for developing brand strategy for the company's natural rubber and glove products.

From 2018 to 2020, Mr. Sincharoenkul was a director of the Thai Rubber Glove Manufacturers Association, a private non-profit organisation established to promote the rubber gloves industry in Thailand, and in 2020, he was appointed as its vice president. He is currently responsible for managing the public relations of the association.

Mr. Sincharoenkul graduated from the Raffles College of Design and Commerce, Australia with a Bachelor of Arts in Industrial and Product Design in 2013. He underwent the Director Accreditation Program conducted by the Thai Institute of Directors in 2019.

Mr. Veerasith Sinchareonkul is our Non-executive Director and was appointed to our Board on 1 April 2019.

From 2008 to 2011, Mr. Sinchareonkul worked as a corporate credit analyst in the credit department of KASIKORNBANK Public Company Limited. In 2015, he was appointed as an executive director responsible for overseeing the day-to-day operations of RBL, a subsidiary of STA engaged in the production of concentrated latex and block rubber, and Semperflex Asia Corp., Ltd., an associate of STA and a manufacturer of high-pressure hydraulic hoses. In 2019, Mr. Sinchareonkul was also appointed as an executive director of STA IBC, where he oversees the day to day operations of the business.

Mr. Sinchareonkul has been serving as president of the Thai Rubber Glove Manufacturers Association since 2018.

Mr. Sinchareonkul graduated with a Bachelor of Computer Science and Cybernetics from the University of Reading, United Kingdom in 2005 and a Master of Business Administration from the Sasin Graduate Institute of Business Administration of Chulalongkorn University, Thailand in 2013. He underwent the Director Accreditation Program and the Financial Statements for Directors course conducted by the Thai Institute of Directors in 2010 and 2014, respectively, as well as the TLCA Executive Development Program conducted by the Thai Listed Companies Association in 2012.

Mrs. Unakorn Phruithithada is our Independent Director and was appointed to our Board on 31 May 2019.

From 1991 to 1993, she was the chief financial officer of Standard Chartered Bank (Thai), Bangkok Branch, where she, among others, oversaw the accounting books and records of the branch and monitored the financial budget of departments for planning and budgeting purposes. From 1993 to 1994, she was a senior manager of the audit department at Pricewaterhouse Coopers Ltd., where she acted as team leader for audit clients and worked on various advisory projects. From 1994 to 2018, she was a partner at Pricewaterhouse Coopers Ltd., where she led the audit team on audit assignments for listed clients.

From 2017 to 2020, Mrs. Phruithithada was a member of the accounting standard setting committee of the Federation of Accounting Professions in Thailand. She is currently the chairperson of a sub-committee formed to study and follow developments in IFRS in order to assess their implementation in Thailand and the advisor to a sub-committee in relation to the implementation of TFRS17 (Insurance Contracts) in Thailand.

Mrs. Phruithithada graduated from Thammasat University, Thailand with a Bachelor in Accounting (First Class Honours) in 1979. She is a Certified Public Accountant in Thailand and the US and most recently was certified as an ASEAN Certified Public Accountant by the Federation of Accounting Professions in Thailand in 2020. Mrs. Phruithithada also underwent the Director Certification Program and the Advanced Audit Committee Program conducted by the Thai Institute of Directors in 2004 and 2020, respectively.

Clinical Prof. Dr. Sarana Boonbaichaiyapruck is our Independent Director and was appointed to our Board on 26 August 2019.

Clinical Prof. Dr. Boonbaichaiyapruck specialises in cardiology and has over 28 years of clinical experience. Since 1993, he has served as a doctor of cardiology in the Faculty of Medicine at the Ramathibodi Hospital, Thailand. He has concurrently served as an executive director of Sarana Cardiology and Associates Co., Ltd. since 2012, where he provides consultation services to cardiac catheterisation laboratory patients. From 2014 to 2019, he held several positions with the National Legislative Assembly of Thailand, as a member and as director of the Energy Commission, a committee involved in energy related legislation, and as chairman of the Sub-commission of the Public Health Commission, a committee involved in public health legislation.

Clinical Prof. Dr. Boonbaichaiyapruck graduated from Chulalongkorn University, Thailand with a Bachelor of Medicine in 1983. He has been certified in the specialty of cardiology by the Medical Council of Thailand since 1993, in the specialty of internal medicine by the American Board of Internal Medicine since 1998 and in the specialty of interventional cardiology by the Royal College of Physicians of Thailand since 2008. Clinical Prof. Dr. Boonbaichaiyapruck also underwent the Director Accreditation Program conducted by the Thai Institute of Directors in 2018.

General Bundit Boonyapan is our Independent Director and was appointed to our Board on 28 December 2020.

General Bundit Boonyapan served in the Royal Thai Armed Forces from 1981 to 2019. In 2013, he was appointed as Adjutant General of the Royal Thai Armed Forces and was responsible for administrative functions, personnel and protocol. From 2014 to 2017, he served as the Director of Joint Civil Affairs, and was responsible for overseeing and managing civil affairs. From 2017 to 2018, he was the director of Royal Development Projects and Security Coordination Centre, overseeing the planning and coordinating of Royal Initiative Projects. From 2018 to 2019, he was the deputy chief of Defence Forces. Since 2019, he has been serving as advisor of the Tourism Committee in the Senate of Thailand, where he advised the chairman of the Senate Tourism Committee on matters related to the operations of the committee.

General Boonyapan graduated with a Bachelor of Engineering from the Chulachomklao Royal Military Academy, Thailand in 1981 and obtained a Master of Public Administration from Burapa University, Thailand in 2017.

Experience of Our Directors

As our Company is listed on the SET, all our Directors have experience as a director of at least one public listed company in Thailand. In addition, Dr. Viyavood Sincharoenkul, Mr. Kitichai Sincharoenkul and Mr. Veerasith Sinchareonkul are also directors of STA, which is dual listed on the SET and the SGX-ST. Our Directors have been briefed on the roles and responsibilities of a director of a public listed company in Singapore prior to the listing of the Company on the Main Board of the SGX-ST.

Principal Commitments

Mr. Anan Pruksanusak is an Executive Director of our Company and an executive director of Pruksa Mansion Co., Ltd and Sup Pruksa Co., Ltd. Our Nomination Committee has reviewed the number of directorships and principal commitments of Mr. Pruksanusak in deciding whether Mr. Pruksanusak has sufficient time to devote to the affairs of our Group. Our Nomination Committee is of the view that Mr. Pruksanusak is able to devote sufficient time to the affairs of our Group as Mr. Pruksanusak is not involved in day-to-day management of the family-owned businesses of Pruksa Mansion Co., Ltd and Sup Pruksa Co., Ltd.

Terms of Office

Our Directors do not currently have a fixed term of office. At each annual general meeting, one-third of the Directors then in office (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director shall be eligible for re-election. The Directors to retire in every year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment.

Executive Officers

In addition to our Executive Directors, our Executive Officers are responsible for the day-to-day management and operations of our Company. The following table sets out information regarding our Executive Officers as of the date of this Introductory Document.

Name	Age	Positions(s)
Mr. Asom Aksornnam	53	Production Manager, Hat Yai Branch and Acting Engineering Manager
Mr. Chalermchai Norsakul	45	Production Manager, Surat Thani Branch
Mrs. Oralak Nakin	46	Finance and Accounting Manager
Mr. Somrat Thapnual	47	Human Resource Manager
Ms. Amornrat Awato	44	Purchasing Manager
Ms. Worasa Maijaidee	45	Logistics Manager

The address of our Executive Officers is c/o No. 110 Kanjanavanit Road, Pahtong Sub-district, Hat Yai District, Songkhla 90230, Thailand.

Information regarding the areas of responsibility and working experience of our Executive Officers is set out below.

Mr. Asom Aksornnam is our Acting Engineering Manager and Production Manager for Hat Yai Branch. He is responsible for overseeing the operations of our Hat Yai factory and our Group's engineering activities. He joined our predecessor entity, Sri Trang Gloves (Thailand) Co., Ltd., in 1989 and was transferred to our Company upon the Amalgamation.

From 1989 to 2002, Mr. Aksornnam was employed as a line chemist in our predecessor entity, Siam Sempermed Corporation Limited (later renamed Sri Trang Gloves (Thailand) Co., Ltd.). He was subsequently factory manager of Siam Sempermed Corporation Limited from 2002 to 2003, and of Shanghai Foremost Plastic Industrial Co., Ltd (a subsidiary of Siam Sempermed Corporation Limited at that time) from 2003 to 2008, where he oversaw the operations of the glove factories. From 2008 to 2019, Mr. Aksornnam was production manager of Siam Sempermed Corporation Limited, where he was responsible for overseeing its production facilities. From 2016 to 2019, Mr. Aksornnam was production manager of our Hat Yai factory at our predecessor entity, Sri Trang Gloves (Thailand) Co., Ltd., and was responsible for overseeing the operations of the factory. From 2018 to 2019, he was concurrently the production manager of our Surat Thani factory and was responsible for overseeing its operations.

Mr. Aksornnam graduated with a Bachelor of Science in General Science (Chemistry-Biology) from Prince of Songkhla University, Thailand in 1993.

Mr. Chalermchai Norsakul is our Production Manager, Surat Thani Branch and is responsible for overseeing the operations of our Surat Thani factory. He has been with the STA Group since 2002 and was transferred to our Company in 2019.

From 2002 to 2005, Mr. Norsakul was a factory manager at PS and was responsible for managing the production of smoked sheet rubber. From 2005 to 2013, he was a factory manager at STA and was responsible for managing the rubber production process. From 2013 to 2019, Mr. Norsakul was assigned the position of group production manager at STA, and was responsible for supervising STA's block rubber plant in the northeast region of Thailand as well as setting up budgetary control measures to manage the production costs of the STA Group.

Mr. Norsakul graduated with a Bachelor of Engineering in Industrial Engineering from Prince of Songkhla University, Thailand in 1998, a certificate of Executive Micro MBA from Thammasat University, Thailand in 2002, a Master of Engineering in Industrial Management from Prince of Songkhla University, Thailand in 2013 and a Micro Master of Business Administration from National Institute of Development Administration, Thailand in 2016.

Mrs. Oralak Nakin is our Finance and Account Manager and Accountant. She oversees the finance and accounting matters of our Company. She joined our predecessor entity, Sri Trang Gloves (Thailand) Co., Ltd., in 2014 and was transferred to our Company upon the Amalgamation.

From 1998 to 2013, Mrs. Nakin held the position of accounting manager at our predecessor entity, Siam Sempermed Corporation Limited (later renamed Sri Trang Gloves (Thailand) Co., Ltd.). At Sri Trang Gloves (Thailand) Co., Ltd., Mrs. Nakin was group account manager from 2014 to 2017, where she was responsible for planning and supervising financial strategy and managing financial accounts, budget and forecasts. From 2017 to 2019, she served as an executive director and account manager of Sri Trang Gloves (Thailand) Co., Ltd..

Mrs. Nakin graduated from with a Bachelor of Accounting from the Rajamangala Institute of Technology Thanyaburi, Thailand in 1996 and a Master of Accounting from Chulalongkorn University, Thailand in 1998.

Mr. Somrat Thapnual is our Human Resource Manager and oversees the human resource policies and strategies of our Company. He joined our predecessor entity, Sri Trang Gloves (Thailand) Co., Ltd., in 1999 and was transferred to our Company upon the Amalgamation.

Mr. Thapnual was head of the human resource department of Sri Trang Gloves (Thailand) Co., Ltd. from 1999 to 2013. From 2013 to 2019, he was promoted to the human resource manager at Sri Trang Gloves (Thailand) Co., Ltd., where he held similar responsibilities to his current role as Human Resource Manager.

Mr. Thapnual graduated with a Bachelor of Liberal Arts (English) from Ramkhamhaeng University, Thailand in 1997.

Ms. Amornrat Awato is our Purchasing Manager and oversees the purchase of raw materials and other goods and services required for our operations. She joined our predecessor entity, Sri Trang Gloves (Thailand) Co., Ltd., in 2003 and was promoted to Purchasing Manager in 2010 and since then has been responsible for the purchase of raw materials and other goods and services required for our operations. She was transferred to our Company upon the Amalgamation.

From 1999 to 2000, Ms. Awato held the position of planning officer at Intimate Fashion Co., Ltd., where she was involved in production processes planning for the manufacturing and distribution of undergarments. From 2000 to 2001, she was a product and merchandise purchaser at B.V.D. Lingerie Co., Ltd., where she was responsible for product design and the purchasing of raw materials for the manufacturing and distribution of undergarments. From 2001 to 2002, Ms. Awato was a brand manager at Big C Supercenter Public Company Limited, where she procured products for sale in Big C branches. From 2002 to 2003, Ms. Awato was assigned the position of international purchaser at Sabina Fareast Co., Ltd., where she was responsible for purchasing raw materials for the manufacturing and distribution of undergarments. From 2003 to 2010, she was the head of the purchasing department at our predecessor entity, Sri Trang Gloves (Thailand) Co., Ltd., where she later held the position of purchasing manager from 2010 to 2019.

Ms. Awato graduated with a Bachelor of Economics from Thammasat University, Thailand in 1999.

Ms. Worasa Maijaidee is our Logistics Manager. She is responsible for the logistics and customer relations matters of the Company. She joined our predecessor entity, Sri Trang Gloves (Thailand) Co., Ltd., in 2001 and was transferred to our Company upon the Amalgamation.

From 1998 to 2001, Ms. Maijaidee was a quality system engineer at STA, where she was responsible for setting up STA's quality systems. Ms. Maijaidee joined Sri Trang Gloves (Thailand) Co., Ltd. in 2001 as a system engineer. From 2003 to 2013, she was senior head of the technical quality department of Sri Trang Gloves (Thailand) Co., Ltd. and was responsible for overseeing the quality control process. From 2014 to 2019, Ms. Maijaidee was secretary to the executive director of the production department in Sri Trang Gloves (Thailand) Co., Ltd..

Ms. Maijaidee graduated with a Bachelor of Industrial Engineering from Prince of Songkhla University, Thailand in 1998.

Past and Present Principal Directorships

The past and present principal directorships held by our Directors and Executive Officers in the last five years preceding the date of this Introductory Document are set out in "*Appendix E – List of Past and Present Directorships*".

None of the Independent Directors of the Company sits on the board of any of our principal subsidiaries.

Service Agreements with Directors

We have entered into an employment agreement with each of Ms. Jarinya Jirojkul, our Executive Director and CEO and Ms. Thanawan Sa-ngiamsak, our Executive Director and CFO.

The employment agreements of Ms. Jirojkul and Ms. Sa-ngiamsak do not provide for a fixed term of employment. Pursuant to their respective employment agreements, each of the aforementioned persons are entitled to a monthly salary, a variable bonus and coverage of all reasonable business expenses incurred or paid for during the term of employment, in connection with the discharge of their duties to the Group.

We have also entered into a secondment agreement with Mr. Chia Chee Ping, our Executive Director and CMO, and STA IBC, pursuant to which Mr. Chia has been seconded to our Company by STA IBC to, among others, prepare and oversee the implementation of marketing plans and strategies and prepare and oversee implementation of marketing budgets for our Company. The term of the secondment agreement is for a period of four years, expiring on 31 December 2024. During the secondment period, Mr. Chia remains an employee of STA IBC and STA IBC shall continue to pay Mr. Chia his salary and other benefits in accordance with the terms of his

employment agreement with STA IBC, while we shall reimburse Mr. Chia for any reasonable costs and expenses incurred by Mr. Chia in relation to services provided by him to our Group. In consideration for the secondment, we pay a monthly service fee to STA IBC. The secondment agreement may be earlier terminated by either STA IBC or our Company by providing 90 days' prior written notice. Notwithstanding that he is seconded, as a director of our Company, Mr. Chia owes fiduciary duties to our Company under the provisions of the PLCA and the SEC Act.

While the current secondment agreement does not have a clause relating to renewal, if our Company wishes to continue to have Mr. Chia serve as an Executive Director, our Company can enter into a new secondment agreement with STA IBC or enter into an employment agreement with Mr. Chia directly at the time. If at that time, either we or Mr. Chia proposes not to continue with the arrangement, we will accordingly source for an appropriate replacement to ensure a smooth transition of business. Such arrangement is in compliance with the relevant Thai or SET laws, rules and regulations.

Save as disclosed above, there are no existing or proposed service agreements entered into or to be entered into by any of our Directors with our Company or any of our subsidiaries. There are no existing or proposed service agreements entered into or to be entered into by any of our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

Arrangement or Understanding

There is no arrangement or understanding with any substantial shareholder, customer or supplier of our Company or other person, pursuant to which any of our Directors or Executive Officers was selected as a director or key executive of our Company.

Family Relationship

Dr. Viyavood Sincharoenkul and Mr. Kitichai Sincharoenkul are brothers. Mr. Veerasith Sinchareonkul and Mr. Vitanath Sincharoenkul are brothers and are the sons of Dr. Viyavood Sincharoenkul.

Except as disclosed above, there is no family relationship among any of our Directors and Executive Officers and any substantial shareholder of our Company.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Directors' Fees

The following table sets out the amount of directors' fees paid to each Director for the period from 1 April 2019 to 31 December 2019 and the year ended 31 December 2020:

Director	1 April 2019 to 31 December 2019 (THB'000)	FY2020 (THB'000)
Prof. Dr. Weerakorn Ongsakul	560	1,000 ⁽¹⁾
Mr. Kitichai Sincharoenkul	680	960
Dr. Viyavood Sincharoenkul	900	1,200
Ms. Jarinya Jirojkul	680	960
Ms. Thanawan Sa-ngiamsak	630	840
Mr. Chia Chee Ping	630	840
Mr. Anan Pruksanusak	680	960
Mr. Vitanath Sincharoenkul	680	960
Mr. Veerasith Sinchareonkul	680	960
Mrs. Unakorn Phruithithada	560	960
Clinical Prof. Dr. Sarana Boonbaichaiyapruk	280	840
General Bundit Boonyapan ⁽²⁾	0	0
Mr. Prakob Visitkitjakarn ⁽³⁾	660	956 ⁽⁴⁾
Total	7,620	11,436

Notes:

- (1) Includes a meeting allowance of THB 10,000.
- (2) General Bundit Boonyapan was only appointed to our Board on 28 December 2020 and accordingly, no directors' fees were paid to him in FY2020.
- (3) Mr. Prakob Visitkitjakarn passed away on 14 October 2020. As a result, he vacated his seat on the Board of Directors of our Company from 14 October 2020 onwards.
- (4) Includes a meeting allowance of THB 6,000.

Remuneration Paid to Executives

For the period from 1 April 2019 to 31 December 2019, and the year ended 31 December 2020, the aggregate remuneration paid to our Executive Officers, including Executive Directors⁽¹⁾, was THB 13.8 million and THB 60.0 million, respectively. Such remuneration comprises salary, bonus, benefits in kind and any deferred compensation accrued for the financial year in question and payable at a later date.

Other than amounts set aside or accrued for compliance with relevant laws and regulations, and as disclosed in Note 21 of the Audited Consolidated Financial Statements, no amounts have been set aside or accrued by our Company or subsidiaries to provide for pension, retirement or similar benefits for our employees.

Other than Mr. Vitanath Sincharoenkul, who is the son of Dr. Viyavood Sincharoenkul and brother to Mr. Veerasith Sinchareonkul, none of our employees are immediate family members of our Directors or CEO.

Note:

- (1) The aggregate remuneration paid for the period from 1 April 2019 to 31 December 2019 was based on the information disclosed in the prospectus of the Company prepared in connection with the offering and listing of the Company on the SET and was in respect of nine persons, and did not include remuneration paid to an Executive Officer who was not considered as an executive under the Thai SEC definition. The aggregate remuneration paid for the year ended 31 December 2020 was in respect of 12 persons, and together with remuneration paid for the period from 1 April 2019 to 31 December 2019, included one executive officer who resigned during the year.

STGT ESOP

Under the STGT ESOP which was approved by our Shareholders at an extraordinary general meeting held on 22 November 2019, certain of our Directors and Executive Officers were offered and allotted Shares at the time of the Thai IPO and are entitled to be offered and allotted new Shares under the second and third tranches of the STGT ESOP in July 2021 and July 2022, respectively. See “*STGT ESOP*” for further details.

CORPORATE GOVERNANCE

We recognise the importance of good corporate governance in promoting operational efficiency and sustainable growth in the interest of all stakeholders, including employees, investors, Shareholders and other stakeholders in our Company. To ensure good corporate governance, we have implemented a corporate governance policy based on the Corporate Governance Code for Listed Companies 2017 issued by the Thai SEC.

Board Committees

We have five board committees: the Audit Committee, the Nomination Committee, the Remuneration Committee, the Risk Management Committee and the Executive Committee.

Audit Committee

Our Audit Committee comprises Prof. Dr. Weerakorn Ongsakul, Mrs. Unakorn Phruithithada and General Bundit Boonyapan. The Chairman of our Audit Committee is Prof. Dr. Weerakorn Ongsakul.

The members of our Audit Committee meet all the requisite qualifications under the SEC Act, the Notification of the Capital Market Supervisory Board and the regulations of the SET. At least one member of our Audit Committee is required to be sufficiently knowledgeable and experienced to reliably review our financial statements.

The duties and responsibilities of our Audit Committee include the following:

- (a) to review and approve the charter of our Company’s internal audit department at least once a year;
- (b) to coordinate with external auditors and our senior managers responsible for preparing financial reports in ensuring that our Company and subsidiaries have accurate, reliable and adequate financial reports in accordance with the financial reporting standards. During the audit of the accounts of our Company and subsidiaries, our Audit Committee can indicate any items that the auditors should review or examine in detail;
- (c) to review whether our Company and subsidiaries have appropriate and effective internal control and internal audit systems, and to consider the independence of the respective internal audit units and to approve the appointment, transfer and termination of the heads of the respective internal audit units or any other departments responsible for internal auditing;

- (d) to review our Company's risk management system and ensure that it is efficient, appropriate and adequate;
- (e) to review how our Company is managed and ensure this is in compliance with the SEC Act, SET regulations and the laws relating to our Company's business;
- (f) to consider, select, and nominate an independent entity to act as our Company's auditor and to set the remuneration for the said entity;
- (g) to meet with the auditors, and without the presence of management, at least once a year;
- (h) to consider any related parties' transactions or transactions that may lead to conflicts of interest and ensure that such transactions are in compliance with the relevant laws and SET regulations, and are reasonable and beneficial to our Company;
- (i) to prepare the Audit Committee report that is disclosed in the annual report of our Company. The Audit Committee report must be signed by the Chairman of our Audit Committee and must contain the following information:
 - (i) an opinion on the accuracy, completeness and credibility of our Company's financial reports;
 - (ii) an opinion on the sufficiency of our Company's internal control system;
 - (iii) an opinion on whether our Company is in compliance with the SEC Act, SET regulations and the laws relating to our Company's business;
 - (iv) an opinion on the suitability of our Company's auditor;
 - (v) an opinion on any transactions that may lead to conflicts of interest;
 - (vi) the annual number of Audit Committee meetings and the attendance of each member of the Audit Committee;
 - (vii) the opinions or overall comments that our Audit Committee received with respect to compliance with the Audit Committee charter; and
 - (viii) any other items that shareholders and general investors should be aware of that are within the scope of duties and responsibilities assigned by our Board;
- (j) to review and provide comments on our Company's internal audit plan and the performance of our Company's internal audit unit;
- (k) if in the course of performing its duties, our Audit Committee considers that the following transactions or events may have a material impact on our Company's financial position and overall operations, our Audit Committee shall report the same to our Board for rectification within such time as our Audit Committee deems appropriate: (i) transactions that may involve a conflict of interest; (ii) fraud or unusual or material defects in internal controls; or (iii) violations of the SEC Act, the regulations of the SET or other laws relating to our business. If our Board or management fails to rectify the transaction or event within the time specified by our Audit Committee, a member of our Audit Committee may report the relevant transaction or event to the Thai SEC or SET;
- (l) to consider, review and propose revisions to the Audit Committee charter at least once a year for approval by our Board; and
- (m) to perform any other duties as assigned by our Board with the consent of our Audit Committee.

Our Board has the power to amend the definition and qualifications required for independent directors and the Audit Committee charter to comply with the responsibilities of the Audit Committee under the Notification of the Capital Market Supervisory Board, the regulations of the SET and/or relevant laws.

Our Audit Committee shall annually conduct a self-assessment of its performance to consider and review overall performances, problems and obstacles in the previous year, and report the result of the annual performance assessment to our Board.

Nomination Committee

Our Nomination Committee comprises Mr. Kitichai Sincharoenkul, Prof. Dr. Weerakorn Ongsakul and Ms. Jarinya Jirojkul. The Chairman of our Nomination Committee is Mr. Kitichai Sincharoenkul.

The duties and responsibilities of our Nomination Committee include the following:

- (a) to review the structure, composition and respective qualifications of our Board and our sub-committees;
- (b) to review our Company's recruitment criteria and processes, and to nominate suitable persons to serve as Directors, sub-committee members, CEO and other executive positions as assigned by our Board, when such positions are vacant or the incumbents' terms are complete. Such nominations are to be approved by our Board and/or during Shareholders' meetings (as the case may be);
- (c) to supervise the recruitment of our Directors, sub-committee members, CEO and other executive positions, and ensure that our Company's succession plans for such personnel are reviewed regularly;
- (d) to set the performance assessment criteria for our Directors, sub-committee members and CEO, and to assess said performance and present such assessment findings to our Board, as well as to prepare knowledge development plans to help our current and new Directors better understand our Company's business and the role of a director;
- (e) to review and propose revisions to the Nomination Committee charter at least once a year for approval by our Board; and
- (f) to perform any other duties as assigned by our Board with the consent of our Nomination Committee.

Our Nomination Committee shall annually conduct a self-assessment of its performance to consider and review overall performances, problems and obstacles in the previous year, and report the result of the annual performance assessment to our Board.

Remuneration Committee

Our Remuneration Committee comprises Prof. Dr. Weerakorn Ongsakul, Mr. Veerasith Sinchareonkul and Ms. Jarinya Jirojkul. The Chairman of our Remuneration Committee is Prof. Dr. Weerakorn Ongsakul.

The duties and responsibilities of our Remuneration Committee include the following:

- (a) to propose monetary and non-monetary remunerations for our Company's Directors, sub-committee members, CEO and other executive positions. The monetary remuneration includes fixed-rate compensation (such as regular compensation and meeting allowances) and performance-based compensation (such as bonuses and pensions), to be in line with our Company's long-term strategy and goals and the experience and responsibilities of each individual. The remuneration for Directors should also be in a manner comparable to that of prevailing industry standards. Such proposals are to be approved by our Board and/or during Shareholders' meetings (as the case may be);
- (b) to disclose the policies and criteria for the determination of remuneration of our Company's Directors. The policies and criteria should reflect the duties and responsibilities of each Director, and should include the form and amount of remuneration. The amount of remuneration to be disclosed should include the remuneration received by each Director for his/her role as a Director of any of our subsidiaries;
- (c) to consider the purchase conditions imposed on our Directors and employees with regard to offerings of new issuances of securities by our Company. Our Remuneration Committee should have regard to the creation of long-term Shareholder value and fairness for our Shareholders;
- (d) to review and propose revisions to the Remuneration Committee charter at least once a year for approval by our Board; and
- (e) to perform any other duties as assigned by our Board with the consent of our Remuneration Committee.

Our Remuneration Committee shall annually conduct a self-assessment of its performance to consider and review overall performances, problems and obstacles in the previous year, and report the result of the annual performance assessment to our Board.

Risk Management Committee

Our Risk Management Committee comprises Mr. Veerasith Sinchareonkul, Ms. Jarinya Jirojkul, Ms. Thanawan Sa-ngiamsak and Prof. Dr. Weerakorn Ongsakul. The Chairman of our Risk Management Committee is Mr. Veerasith Sinchareonkul.

The duties and responsibilities of our Risk Management Committee include the following:

- (a) to determine our overall risk management policy and framework. This covers all major types of risks which require management to establish appropriate preventive, corrective and mitigating measures;
- (b) to prepare a risk management policy covering overall risk management. The Risk Management Committee shall supervise and ensure that our Group identifies risks that could cause our Group to fail to achieve our business objectives, taking into account both internal and external factors;
- (c) to review and ensure that the risk management policy is appropriate and efficient and prepare a report of the Risk Management Committee to be submitted to our Board of Directors as may be appropriate or when requested;

- (d) to prescribe strategies to be used in managing risks in accordance with the risk management policy approved by the Board of Directors and to analyse, assess and follow up on compliance with the risk management policy as prescribed;
- (e) to monitor, assess and supervise the risk management procedures of our management;
- (f) to review the sufficiency of the risk management policy of our Group, including the effectiveness of the system and compliance, and propose to our Board of Directors at least once a year to ensure that our risk management policy is in line with and suitable for our current business strategies and environment;
- (g) to supervise risk management at both an organisational and project level by emphasising the importance of risk awareness to management and employees and support the work of the risk management sub-committee and/or the risk manager;
- (h) to provide recommendations on matters that require improvement to our Board in order to comply with the policies and strategies set by our Board;
- (i) to review and propose revisions to the Risk Management Committee charter at least once a year for approval by our Board; and
- (j) to perform any other duties as assigned by our Board with the consent of our Risk Management Committee.

Our Risk Management Committee shall annually conduct a self-assessment of its performance to consider and review overall performances, problems and obstacles in the previous year, and report the result of the annual performance assessment to our Board.

Executive Committee

Our Executive Committee comprises Dr. Viyavood Sincharoenkul, Mr. Kitichai Sincharoenkul, Mr. Veerasith Sinchareonkul, Mr. Vitanath Sincharoenkul, Mr. Anan Pruksanusak and Ms. Jarinya Jirojkul. The Chairman of our Executive Committee is Dr. Viyavood Sincharoenkul.

The duties and responsibilities of our Executive Committee include the following:

- (a) to operate and manage our business in the best interest of our Group in accordance with the objectives, policies and resolutions of our Board, our Articles of Association and all relevant rules, regulations and orders;
- (b) to consider and develop business policies, directions and strategies including a work plan, financial targets and annual budgets for the Group, for the approval of our Board;
- (c) to supervise the business operations of our Group to ensure compliance with the business policies, directions and strategies approved by our Board;
- (d) to consider and approve transactions within the normal course of business of our Company subject to investment budgets or budgets that are approved by our Board of Directors, in accordance with the authorities as approved by our Board;
- (e) to study the feasibility of new investment projects and to have the power to consider and approve investments by our Company and subsidiaries, including the entering into of joint investments with any individuals, juristic persons or other business entities. The Executive Committee shall also consider and approve payments for the purpose of such investments, entry into agreements and other relevant acts in accordance with the authorities as approved by our Board, relevant laws and regulations and the Articles of Association of our Company and subsidiaries;

- (f) to monitor the operating results and progress of investment projects and report results and problems or obstacles encountered, including relevant solutions, to our Board of Directors;
- (g) to consider the profit and loss of our Company and subsidiaries and propose the payment of dividends to our Board of Directors;
- (h) to consider and approve entry into financial transactions with financial institutions for the purpose of loans, credit, pledges, mortgages, guarantees or otherwise, including sale and purchase or registration of title over land in accordance with the business objectives of the Company and its subsidiaries, and entry into agreements and submission of applications and proposals with governmental agencies to obtain rights to carry out relevant acts in connection with the foregoing, in accordance with the authorities as approved by our Board, relevant laws and regulations and the Articles of Association of the Company and its subsidiaries;
- (i) to approve the appointment of management sub-committees to support the functions of our Executive Committee;
- (j) to approve the incorporation of subsidiaries, capital increases or decreases and to seek financial resources for subsidiaries, restructure shareholdings of subsidiaries and approve entry into transactions by subsidiaries in accordance with the resolutions of our Board;
- (k) to determine an organisational structure and management structure that is efficient and propose the same to our Board for approval;
- (l) to consider and approve employment, termination of employment, promotions, disciplinary actions, relocation, adjustments to salary ranking or salary rate and to consider such other merits of employees to the extent that these are outside the scope of the powers of our Nomination Committee and Remuneration Committee. Our Executive Committee may authorise our CEO to consider and approve the matter subject to the budgets approved by our Board;
- (m) to supervise and approve matters relating to our operations. Our Executive Committee may also appoint and/or assign any person(s) to carry out any action within its authority, or grant such authorisation for such a period of time as our Executive Committee deems appropriate. Our Executive Committee may revoke, change or amend such powers as it deems appropriate;
- (n) to review and propose revisions to the Executive Committee charter at least once a year for approval by our Board; and
- (o) to perform any other duties as assigned by our Board with the consent of our Executive Committee.

Our Executive Committee shall annually conduct a self-assessment of its performance to consider and review overall performances, problems and obstacles in the previous year, and report the result of the annual performance assessment to our Board.

Statement on Adequacy of Internal Controls

Based on the internal controls and risk management systems established and maintained by our Group, work performed by internal and external auditors and reviews performed by management, our Board, with the concurrence of our Audit Committee and our Risk Management Committee, is of the opinion that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of our Group are adequate and effective to address the financial, operational, compliance and information technology risks of our Group.

Opinion of our Audit Committee in Relation to our CFO

In considering the suitability of Ms. Thanawan Sa-ngiamsak for her role as our CFO, our Audit Committee has considered several factors, including the following: (a) her educational and professional qualifications and working experience; (b) her abilities, familiarity and diligence in relation to the financial matters of our Group; (c) the absence of negative feedback from our auditor, EY Office Limited; and (d) the interactions of our Audit Committee with Ms. Thanawan Sa-ngiamsak in her capacity as CFO.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee to cause them to believe that Ms. Sa-ngiamsak does not have the competence, character and integrity expected of a chief financial officer of a listed issuer.

SHARE OWNERSHIP

SHAREHOLDING STRUCTURE

The table below sets out the shareholdings of our Directors, Executive Officers and the 10 largest Shareholders of our Company as of the Latest Practicable Date⁽¹⁾:

Name	Number of Shares	%
10 Largest Shareholders		
1. STA ⁽²⁾	1,450,074,600	50.7
2. Thai NVDR Co., Ltd. ⁽³⁾	181,697,280	6.4
3. Sincharoenkul group ⁽⁴⁾	178,241,800	6.2
4. RBL ⁽⁵⁾	155,326,800	5.4
5. STH ⁽⁶⁾	106,753,800	3.7
6. State Street Europe Limited	21,890,646	0.8
7. Mr. Wichai Wachirapong	17,862,000	0.6
8. SE Asia (Type B) Nominees LLC	16,254,725	0.6
9. N.C.B.Trust Limited-Norges Bank 5	15,130,800	0.5
10. South East Asia UK (Type C) Nominees Limited	14,114,562	0.5
Directors⁽⁷⁾		
Prof. Dr. Weerakorn Ongsakul	269,000	0.0
Mr. Kitichai Sincharoenkul	12,497,800	0.4
Dr. Viyavood Sincharoenkul	139,418,400	4.9
Ms. Jarinya Jirojkul	1,178,000	0.0
Ms. Thanawan Sa-ngiamsak	2,402,000	0.1
Mr. Chia Chee Ping	1,155,000	0.0
Mr. Anan Pruksanusak	3,040,000	0.1
Mr. Veerasith Sinchareonkul	417,800	0.0
Mr. Vitath Sincharoenkul	140,000	0.0
Mrs. Unakorn Phruithithada	240,000	0.0
Clinical Prof. Dr. Sarana Boonbaichaiyapruk	332,500	0.0
General Bundit Boonyapan	10,700	0.0
Executive Officers⁽⁷⁾		
Mr. Asom Aksornnam	426,000	0.0
Mr. Chalermchai Norsakul	40,000	0.0
Mrs. Oralak Nakin	899,000	0.0
Mr. Somrat Thapnual	120,000	0.0
Ms. Amornrat Awato	–	–
Ms. Worasa Maijaidee	552,200	0.0
Total Shares held by Directors, Executive Officers and 10 Largest Shareholders	2,168,011,413	75.9
Total Shares Issued	2,857,560,000	100.0

Notes:

- (1) Based on the records of TSD as at the Latest Practicable Date.
- (2) STA is a company dual-listed on the SET and the SGX-ST which operates the business of manufacturing and distributing natural rubber products. As of 16 April 2021, based on information on the SET website, the 10 largest shareholders of STA are as follows:

Name	Number of Shares	%
1. STH	343,790,629	22.4
2. Thai NVDR Co., Ltd.	166,787,193	10.9
3. Dr. Viyavood Sincharoenkul	132,987,509	8.7
4. CDP	79,929,416	5.2
5. Mrs. Promsuk Sinchareonkul	44,900,000	2.9
6. The Bank of New York Mellon	41,002,859	2.7
7. Citigroup Global Markets Limited-Pb Client-Nrbs Collateral	26,378,735	1.7
8. Mr. Vitanath Sincharoenkul	24,556,500	1.6
9. Mr. Vitchaphol Sincharoenkul	23,500,000	1.5
10. Mr. Veerasith Sinchareonkul	22,500,000	1.5
Total shares held by 10 largest shareholders	906,332,841	59.0
Total shares	1,535,999,998	100.0

- (3) A subsidiary of the SET which is responsible for issuing and selling non-voting depository receipts (“NVDR”) to investors. NVDR holders receive the full financial benefits as they would have received as Shareholders of our Company, however, NVDR holders do not have voting rights in respect of such Shares.
- (4) As of the Latest Practicable Date, the shareholders in the Sincharoenkul group are as follows:

Name	Number of Shares	%
1. Dr. Viyavood Sincharoenkul	139,418,400	4.9
2. Mr. Lee Paul Sumade	12,740,000	0.4
3. Mr. Kitichai Sincharoenkul	12,497,800	0.4
4. Mrs. Voradi Sincharoenkul	12,140,000	0.4
5. Ms. Vannisa Sincharoenkul	520,000	0.0
6. Mr. Veerasith Sinchareonkul	417,800	0.0
7. Mrs. Duangjai Sincharoenkul	367,800	0.0
8. Mr. Vitanath Sincharoenkul	140,000	0.0
Total shares	178,241,800	6.2

- (5) RBL is a subsidiary of STA which operates the business of manufacturing concentrated latex and block rubber. As of the Latest Practicable Date, based on information provided to us by STA, the shareholders of RBL are as follows:

Name	Number of Shares	%
1. STA	15,999,994	99.99
2. Ms. Narisara Sincharoenkul	1	0.00
3. Pruksa Mansion Co., Ltd.	1	0.00
4. Ms. Somsri Sirisuwat	1	0.00
5. Mrs. Oranuch Sirisuwat	1	0.00
6. Mr. Aram Sirisuwat	1	0.00
7. Mr. Ekkachai Chalothornsudthi	1	0.00
Total shares	16,000,000	100.0

- (6) STH is an investment holding company. As of the Latest Practicable Date, based on information provided to us by STH, the 10 largest shareholders of STH are as follows:

Name	Number of Shares	%
Dr. Viyavood Sincharoenkul	1,825,700	20.7
Bradshaw Equities Holdings Limited ⁽⁸⁾	1,646,000	18.7
Mr. Paul Sumade Lee	967,860	11.0
Ms. Sukhumarn Sirisuwat	672,000	7.6
Mrs. Promsuk Sinchareonkul	600,000	6.8
Mr. Chaiyos Sincharoenkul	542,860	6.2
Paktai Rubber Industries Limited Partnership ⁽⁹⁾	528,000	6.0
Nguan Chiang Co., Ltd. ⁽¹⁰⁾	448,000	5.1
Mr. Kitichai Sincharoenkul	348,880	4.0
Mrs. Voradi Sincharoenkul	226,840	2.6
Total shares held by 10 largest shareholders	7,806,140	88.7
Total shares	8,800,000	100.0

- (7) The stated shareholdings of our Directors and Executive Officers include the shareholdings of their respective spouses and children under the age of 20 (if any).
- (8) Bradshaw Equities Holdings Limited is an investment holding company incorporated in the British Virgin Islands, of which Mr. Paul Sumade Lee is the sole shareholder.
- (9) Paktai Rubber Industries Limited Partnership is a limited partnership engaged in investment holding. Mr. Chaiyos Sincharoenkul and Mrs. Duangchai Sincharoenkul, the managing partners of the partnership, are partners with unlimited liability, and Dr. Viyavood Sincharoenkul is a partner with limited liability.
- (10) Nguan Chiang Co., Ltd. is a private limited company engaged in the wholesale and retail sale of soy sauce, soybean paste and other seasonings. The owners of Nguan Chiang Co., Ltd. are the Lekviriyakul family, who are not related to our Group.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

The following table sets out the significant changes in the shareholding of our Directors, CEO and substantial shareholders in our Company since the Amalgamation Date and up to the Latest Practicable Date. Save as disclosed below, there were no significant changes in the percentage of ownership of our Company since the Amalgamation Date and up to the Latest Practicable Date.

Name of Shareholder	Percentage of Shareholding ⁽¹⁾ in our Company (%)		
	As of the Amalgamation Date	Immediately prior to the Thai IPO ⁽²⁾	As of the Latest Practicable Date ⁽³⁾
STA	73.2	73.2	50.7
Thai NVDR Co., Ltd.	–	–	6.4
RBL	7.8	7.8	5.4
STH	5.4	5.4	3.7
Prof. Dr. Weerakorn Ongsakul	–	–	n.m.
Mr. Kitichai Sincharoenkul	n.m.	0.6	0.4
Dr. Viyavood Sincharoenkul	9.6	7.1	4.9
Ms. Jarinya Jirojkul	–	n.m.	n.m.
Ms. Thanawan Sa-ngiamsak	–	0.1	n.m.
Mr. Chia Chee Ping	–	n.m.	n.m.
Mr. Anan Pruksanusak	–	0.1	0.1
Mr. Vitanath Sincharoenkul	–	–	n.m.
Mr. Veerasith Sinchareonkul	n.m.	n.m.	n.m.
Mrs. Unakorn Phruithithada	–	–	n.m.
Clinical Prof. Dr. Sarana Boonbaichaiyapruk	–	–	n.m.
General Bundit Boonyapan	–	–	–
Mr. Asom Aksornnam	–	n.m.	n.m.
Mr. Chalermchai Norsakul	–	–	n.m.
Mrs. Oralak Nakin	–	n.m.	n.m.
Mr. Somrat Thapnual	–	–	n.m.
Ms. Amornrat Awato	–	–	–
Ms. Worasa Maijaidee	–	–	n.m.

Notes:

* n.m. refers to a shareholding of less than 0.1%.

- (1) The stated shareholdings of our Directors and Executive Officers include the shareholdings of their respective spouses and children under the age of 20 (if any).
- (2) Prior to the Thai IPO, on 27 August 2019, the par value of our Shares was reduced from THB 100.00 per Share to THB 1.00 per Share. Consequently, each of our Shares of par value THB 100.00 each was sub-divided into 100 Shares of par value THB 1.00 each.
- (3) Pursuant to the Share Split, the par value of our Shares was reduced from THB 1.00 per Share to THB 0.50 per Share and each of our Shares of par value THB 1.00 each was sub-divided into two shares of par value THB 0.50 each.

The Shares of our Company held by our Directors, CEO and substantial shareholders do not carry different voting rights from any other Shares of our Company.

To our knowledge, save as disclosed in this Introductory Document, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government.

We are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of our Company.

MORATORIUM

Our Shares were listed on the SET on 2 July 2020 (the “**Thai Listing Date**”). Pursuant to regulations of the SET, certain of our Shareholders, namely STA and RBL, had provided contractual undertakings to the SET to observe a moratorium on the disposal of their respective shareholdings in our Company (or a portion thereof) for a period of one year after the Thai Listing Date.

Each of STA and RBL may not sell or otherwise dispose of any part of their respective shareholdings in our Company as of the Thai Listing Date (the “**Locked-up Shares**”) during the first six months after the Thai Listing Date. Thereafter, for the subsequent six months, each of STA and RBL may only dispose of a maximum of 25.0% of their respective Locked-up Shares.

The following table sets out the number of Locked-up Shares of each of STA and RBL:

Shareholder	Number of Locked-up Shares ⁽¹⁾	
	First six months after the Thai Listing Date, expired on 4 January 2021	Subsequent six months, expiring on 2 July 2021
STA	1,450,074,600	1,087,555,950
RBL	121,583,400	91,187,550

Note:

(1) After adjusting for the Share Split and based on a par value of THB 0.50 per Share.

STGT ESOP

TERMS OF THE STGT ESOP

At an extraordinary general meeting held on 22 November 2019, our Shareholders approved the issuance and offering of up to 10,000,000 new Shares (at a par value of THB 1.00 per Share, before adjusting for the Share Split) to the Directors, Executive Officers and employees of our Company and subsidiaries pursuant to the STGT ESOP.

The objectives of the STGT ESOP are as follows:

- (a) to motivate and reward the Directors, Executive Officers and employees of our Company and subsidiaries for good performance and hard work;
- (b) to motivate the Directors, Executive Officers and employees of our Company and subsidiaries who have outstanding performance and may be difficult to replace, to continue working with our Company in the long term to achieve business goals;
- (c) to retain employees who are experienced and capable; and
- (d) to align the interests of employees with the growth and sustainability of our Company.

A summary of the principal terms of the STGT ESOP is set out below.

Type and number of securities to be issued and offered : Up to 10,000,000 new Shares (at a par value of THB 1.00 per Share, before adjusting for the Share Split).

Duration of the scheme : Two years from the date on which our Shares were listed on the SET (the “**Thai Listing Date**”), i.e. from 2 July 2020 to 1 July 2022.

Offering period : The new Shares under the STGT ESOP will be offered to the eligible participants in three tranches:

- (a) First tranche: up to 4,000,000 new Shares at a par value of THB 1.00 per Share on the Thai Listing Date.
- (b) Second tranche: up to 3,000,000 new Shares at a par value of THB 1.00 per Share (before adjusting for the Share Split) between 1 July 2021 and 15 July 2021.
- (c) Third tranche: up to 3,000,000 new Shares at a par value of THB 1.00 per Share (before adjusting for the Share Split) between 1 July 2022 and 15 July 2022.

Pursuant to the first tranche of the STGT ESOP, our Company had issued 4,000,000 Shares at a par value of THB 1.00 per Share on the Thai Listing Date.

Offering price : For the first tranche offered on the Thai Listing Date, the offering price was 90.0% of the offering price of the Shares offered in the initial public offering of our Company on the SET (the “**IPO Price**”).

For the second and third tranches, the offering price will be 90.0% of the market price (as determined in accordance with the Offer Price Regulation).

Where the offering price is lower than the par value of our Shares, our Company is required to offer the new Shares under the STGT ESOP at a price equivalent to the par value, subject to Section 52 of the PLCA.

Eligible participants : Directors, Executive Officers and employees of our Company and subsidiaries who meet the following conditions:

- (a) as at the Record Date²¹, the Director, Executive Officer or employee must have been a Director, Executive Officer or employee of our Company or its subsidiary for a period of no less than three months, must not be under probation, and such Director, Executive Officer or employee must remain a Director, Executive Officer or employee of our Company or its subsidiary as at each Offering Date²²; and
- (b) each Director will be entitled to an equal number of Shares, while the number of Shares to which each Executive Officer or employee may differ depending on the individual's rank, experience, areas of responsibility, term of employment, performance and contributions.

In a case where there are Directors, Executive Officers and/or employees of our Company or our subsidiaries who do not wish to subscribe for the new Shares offered to them pursuant to the STGT ESOP, the Executive Committee of our Company and/or their delegate may reallocate such new Shares to other Executive Officers and/or employees within the offering period, in accordance with the terms of the STGT ESOP. Each Executive Officer and/or employee will be entitled to an allocation of up to 5.0% of the total number of Shares to be offered under the STGT ESOP.

Directors who are also Executive Officers of our Company or our subsidiaries are only entitled to be offered and allotted new Shares under the STGT ESOP in respect of their roles as Directors and will not be entitled to a further allotment of new Shares under the STGT ESOP in respect of their roles as Executive Officers.

²¹ **"Record Date"** means the date on which our Board of Directors, or their delegate, passes a resolution to approve the names of the persons who are entitled to an allotment of new Shares under the STGT ESOP. In this regard, the names of such persons will be determined based on the names of the persons entitled to the allotment of new Shares under the STGT ESOP as approved by our Shareholders or the names of Executive Officers and/or employees as determined by the Executive Committee of our Company or their delegate.

²² **"Offering Date"** means the date(s) which our Board of Directors, or their delegate, passes a resolution to approve or approves as the date(s) on which the new Shares under the STGT ESOP will be offered to the Directors, Executive Officers and/or employees of our Company or our subsidiaries.

ENTITLEMENTS OF DIRECTORS UNDER THE STGT ESOP

Pursuant to the extraordinary general meeting held on 22 November 2019, our Shareholders approved the allotment of not more than 3,600,000 new Shares (at a par value of THB 1.00 per Share, before adjusting for the Share Split) under the STGT ESOP to Directors of our Company throughout the duration of the STGT ESOP.

Under the first tranche of the STGT ESOP, an aggregate of 1,440,000 new Shares with a par value of THB 1.00 per Share were offered and allotted to the following Directors at the issue price of THB 30.60 per Share, being 90.0% of the IPO Price:

Name of Director	No. of Shares Allotted (based on a par value of THB 1.00 per Share)
Mr. Prakob Visitkitjakarn ⁽¹⁾	120,000
Prof. Dr. Weerakorn Ongsakul	120,000
Mr. Kitichai Sincharoenkul	120,000
Dr. Viyavood Sincharoenkul	120,000
Ms. Jarinya Jirojkul	120,000
Ms. Thanawan Sa-ngiamsak	120,000
Mr. Chia Chee Ping	120,000
Mr. Anan Pruksanusak	120,000
Mr. Veerasith Sinchareonkul	120,000
Mr. Vitanath Sincharoenkul	120,000
Mrs. Unakorn Phruithithada	120,000
Clinical Prof. Dr. Sarana Boonbaichaiyapruk	120,000
General Bundit Boonyapan ⁽²⁾	0

Notes:

- (1) Mr. Prakob Visitkitjakarn passed away on 14 October 2020. As a result, he vacated his seat on the Board of Directors of our Company from 14 October 2020 onwards.
- (2) General Bundit Boonyapan was only appointed to our Board on 28 December 2020, after our listing on the SET and accordingly, no Shares were offered and allotted to him under the STGT ESOP.

Details of the entitlements of our Directors under the second and third tranches of the STGT ESOP (after adjusting for the Share Split) are set out below. The offering price in the second and third tranches will be 90.0% of the market price (as determined in accordance with the Offer Price Regulation).

Name of Director	Shares Entitlement (after adjusting for the Share Split and based on a par value of THB 0.50 per Share)	
	Second Tranche	Third Tranche
Prof. Dr. Weerakorn Ongsakul	180,000	180,000
Mr. Kitichai Sincharoenkul	180,000	180,000
Dr. Viyavood Sincharoenkul	180,000	180,000
Ms. Jarinya Jirojkul	180,000	180,000

Name of Director	Shares Entitlement (after adjusting for the Share Split and based on a par value of THB 0.50 per Share)	
	Second Tranche	Third Tranche
Ms. Thanawan Sa-ngiamsak	180,000	180,000
Mr. Chia Chee Ping	180,000	180,000
Mr. Anan Pruksanusak	180,000	180,000
Mr. Veerasith Sinchareonkul	180,000	180,000
Mr. Vitanath Sincharoenkul	180,000	180,000
Mrs. Unakorn Phruithithada	180,000	180,000
Clinical Prof. Dr. Sarana Boonbaichaiyapruk	180,000	180,000
General Bundit Boonyapan ⁽¹⁾	0	0

Note:

- (1) General Bundit Boonyapan was only appointed to our Board on 28 December 2020, after our listing on the SET, and accordingly, no Shares were offered and allotted to him under the STGT ESOP.

In accordance with the terms of the STGT ESOP, no Director will be allotted more than 5.0% of the total number of Shares to be offered under the STGT ESOP.

ENTITLEMENTS OF EXECUTIVE OFFICERS (EXCLUDING EXECUTIVE OFFICERS WHO ARE ALSO DIRECTORS) UNDER THE STGT ESOP

Under the first tranche of the STGT ESOP, an aggregate of 1,059,600 new Shares with a par value of THB 1.00 per Share were offered and allotted to Executive Officers (excluding Executive Officers who are also Directors) of our Company at the issue price of THB 30.60 per Share, being 90.0% of the IPO Price. This figure includes Shares allotted to Ms. Worasa Maijaidee under the first tranche of the STGT ESOP, who only became an Executive Officer of our Company after the Thai IPO, on 14 August 2020.

Details of the estimated entitlements of our Executive Officers under the second and third tranches of the STGT ESOP (after adjusting for the Share Split) are set out below. The offering price in the second and third tranches will be 90.0% of the market price (as determined in accordance with the Offer Price Regulation).

Aggregate Shares Entitlement of Executive Officers (after adjusting for the Share Split and based on a par value of THB 0.50 per Share)	Second Tranche	Third Tranche
	840,000 ⁽¹⁾	840,000 ⁽¹⁾

Note:

- (1) Based on the Company's current estimates. The final aggregate number of new Shares offered and allotted to the Executive Officers under each of the second and third tranches of the STGT ESOP may differ, as our Executive Committee may determine.

In accordance with the terms of the STGT ESOP, no Executive Officer will be allotted more than 5.0% of the total number of Shares to be offered under the STGT ESOP.

DESCRIPTION OF SHARE CAPITAL

OVERVIEW

Our Company was incorporated as a public limited company on 1 April 2019 pursuant to the Amalgamation of Sri Trang Gloves (Thailand) Co., Ltd. and Thaikong Public Company Limited. Our corporate affairs are governed by our Articles of Association, the PLCA and the SEC Act.

As at the Latest Practicable Date, our registered and authorised capital is THB 1,434,780,000 and our issued and paid-up capital is THB 1,428,780,000 divided into 2,857,560,000 Shares, each with a par value of THB 0.50. All of our 2,857,560,000 issued Shares are in registered form and fully paid up. There is only one class of shares in the capital of our Company, being the Shares.

SUMMARY OF SELECTED PROVISIONS OF OUR ARTICLES OF ASSOCIATION

The following is a summary of material provisions of our Articles of Association in relation to our share capital. The PLCA differs from laws applicable to Singapore companies and their shareholders. A comparison of certain aspects of the PLCA applicable to us and the Singapore Companies Act applicable to Singapore companies is set forth at “*Appendix C – Comparison of Thai Corporate Law and Singapore Corporate Law*”. The summary below does not purport to be complete and is qualified in its entirety by reference to our Articles of Association and the applicable provisions of the PLCA and the SEC Act.

Power of Interested Directors to Vote

Under Article 28 of our Articles of Association, a Director is required to inform our Company without delay if he has a direct or indirect interest in any agreement to be entered into by our Company.

Under Article 24 of our Articles of Association, a Director who has an interest in any matter is restricted from voting on such matter at a meeting of the Board of Directors.

Remuneration

Under Article 22 of our Articles of Association, Directors are entitled to receive remuneration from our Company by means of awards, meeting allowances, pensions, bonuses or any other benefits as approved by a shareholders’ meeting with a vote of not less than two-thirds of the total votes of the shareholders attending the meeting. Directors’ remuneration may be a fixed sum or subject to any conditions from time to time or for a specified time until a shareholders’ meeting resolves otherwise. Directors are also entitled to receive allowances and fringe benefits in accordance with our Company’s rules.

The foregoing provision does not prejudice the rights of the Directors appointed for other positions in our Company to receive remunerations and benefits from our Company in respect of such positions.

Our Articles of Association and applicable laws do not preclude Directors from voting on the Directors’ remuneration agenda and Directors are entitled to vote on the Directors’ remuneration agenda as they do not have a special interest on the matter.

Borrowing Powers Exercisable by our Directors

Generally, Directors are empowered to borrow money for our Company and to mortgage or pledge the property of our Company as security for the loan.

However, if the borrowing is in the form of issuance of debentures, approval from a shareholders meeting of our Company, with not less than three quarters votes of shareholders attending the meeting and having the right to vote, is required.

Retirement or Non-retirement of a Director under an Age Limit Requirement

There is no specific provision in our Company's Articles of Association relating to the retirement or non-retirement of a Director under an age limit requirement.

Shareholding Qualification of our Director

There is no shareholding qualification for Directors under our Articles of Association.

Share Capital

Any changes in the issued and paid-up capital of our Company have to be registered with the MOC.

Under our Articles of Association and the PLCA, Shareholders are allowed to register each of our Shares under one name only.

The Shares of our Company shall not be divisible. If more than two persons subscribe for or hold a Share together, one of those persons shall be appointed as the sole person to exercise their right as the subscriber or the Shareholder, as the case may be.

Transfer of Shares

Under the PLCA, the transfer of shares in a scrip form shall be valid if the share certificate is endorsed by the transferor with the transferee's name, signed by the transferor and transferee, and delivered to the transferee. The transfer of shares shall be effective against the Company when the Company (through the TSD) receives a request to have the transfer registered, but shall be valid against third parties upon the registration of the transfer of shares in the shareholders register.

Under the PLCA, our Company is not allowed to set up share transfer restrictions, unless the purpose of the restriction is to preserve our Company's lawful rights and benefits or to maintain the ratio of shareholding between Thai Shareholders and non-Thai Shareholders.

Limitation on Foreign Ownership of Shares

Our Articles of Association limits "non-Thai" ownership of our Shares to a total of 49.0% of our issued and outstanding Shares. If a non-Thai person acquires Shares which results in the aggregate percentage of Shares owned by non-Thai persons exceeding 49.0% of our issued Shares, our Articles of Association provide for the registrar to refuse to register the ownership of such Shares. As of the Latest Practicable Date, non-Thai persons do not hold more than 49.0% of our issued Shares.

Substantial Shareholdings and Disclosure Notifications

Pursuant to the SEC Act, any person, by his own act or acting in concert with others, acquires or disposes of the Shares and thereby increases or decreases the number of Shares held by him or other persons in the Company to a number which aggregately reaches any multiple of five percent of the total number of voting rights of such business, whether or not the transfer has been registered and regardless of the amount of such increase or decrease, such person shall file a report to the Thai SEC within three business days following the date of such acquisition or disposition.

Dividends

Dividends shall not be paid other than out of profits. If our Company experiences only losses, no dividends shall be distributed. Dividends shall be distributed according to the number of shares held on an equal basis, except if our Company issues preference shares and fixed that such preference shares shall receive dividends in a proportion that is different from those of ordinary shares. Payment of dividends shall be approved by Shareholders in a Shareholders' meeting. Our Board of Directors may pay interim dividends to Shareholders from time to time as it deems appropriate, according to our Company's profit. Such payments shall be reported to Shareholders at a subsequent Shareholders' meeting. There is no specific provision in our Articles of Association relating to the lapse of the dividend entitlement. This will follow the principle of general prescription period under applicable law which, in the absence of the specific prescription period for dividend entitlement, would be 10 years.

Furthermore, in any year in which our Company has net profits, we are required by the PLCA and by our Articles of Association to set aside, as a reserve, an amount of not less than 5.0% of our annual net profits (after the deduction of accumulated losses brought forward, if any) until the total reserve is not less than 10.0% of our registered capital. See "*Dividend Policy*" for further details on our dividend policy.

General Meetings of Shareholders

Our Board of Directors will convene an annual general meeting of Shareholders within four months from the last day of our fiscal year. Our Board of Directors may call an extraordinary general meeting whenever it deems appropriate, and shall call such a meeting upon the written request with reasons indicated of one or more Shareholders holding, in aggregate, not less than 10.0% of our total issued Shares. Under the PLCA, notice of a Shareholders' meeting must be given to all Shareholders and the Department of Business Development of the MOC at least seven days in advance. Publication of said notice must be made for three consecutive days in a local newspaper not less than three days prior to the meeting. If the Shareholders' meeting will be held via an electronic platform, the notice and the documents may be delivered by electronic mail which has to be sent and advertised within the time period specified in this paragraph and our Board of Directors must keep a copy of such notice and related documents as evidence, which may be kept in electronic data format.

In a Shareholders' meeting, a quorum shall be constituted by at least 25 Shareholders present in person and by proxy (if any), or half of all shareholders, representing at least one-third of total Shares. If within one hour from the time fixed for the Shareholders' meeting the required quorum is not constituted and such meeting was called at the request of the Shareholders, the meeting shall be dissolved. If such meeting was not called at the Shareholders' request, another meeting shall be convened and a notice of the meeting shall be sent to the Shareholders not less than seven days prior to the date of the next meeting. At the next meeting no quorum shall be required.

Pursuant to an announcement by the Department of Business Development of the MOC, in relation to the form of proxy (Form C), if the shares are held by a custodian in Thailand (which the foreign shareholders have appointed as a custodian in Thailand as a depository and keeper of those shares), the votes can be split. CDP has appointed a Thai custodian to safekeep all the shares held by CDP. Such Thai custodian will act as CDP's proxy during a general meeting of Shareholders and CDP will instruct such Thai custodian to split its votes in accordance with the instructions that CDP receives from investors holding Shares through CDP.

Our Company, through our Singapore Share Transfer Agent, will send notices of shareholders' meetings and voting instruction forms to CDP Depositors by post. CDP Depositors must complete and return such voting instruction forms to CDP by the relevant deadline in order for their votes to be cast by the Thai custodian in accordance with such instructions.

Our Articles of Association provide that the matters to be transacted at the annual general meetings of Shareholders are as follows:

- (a) to consider the Board of Directors' report showing the Company's performance during the previous year;
- (b) to consider and approve the balance sheet and statement of profit and loss;
- (c) to elect any new Director in replacement of a Director who is due to retire by rotation;
- (d) to consider the Directors' remuneration;
- (e) to consider and elect the auditor and agree on the audit fee; and
- (f) to consider any other business.

Voting Rights

In casting votes in the Shareholders' meeting, all Shareholders shall have one vote for each share held by them. A Shareholder who has a special interest in any resolution may not vote on such resolution, except for the election of Directors.

A resolution of the Shareholders' meeting shall be passed in the following manner:

- (1) In an ordinary event, a resolution of the Shareholders' meeting shall be approved by a majority vote of the Shareholders present and voting. In the case of a tied vote, the Chairman of the meeting shall have a casting vote.
- (2) In the following events, a vote of three-quarters of all shareholders present and entitled to vote shall be required:
 - (a) sale or transfer of the whole or a substantial part of the business of our Company to other persons;
 - (b) purchase or acceptance of the transfer of the business of other companies (both private companies and public limited companies);
 - (c) entry into, or amendment or termination of any contracts with respect to the granting of a lease of the whole or a substantial part of our Company's business, assignment of management of our Company's business to any other persons, or amalgamation of the business with another entity for the purpose of profit and loss sharing;
 - (d) amendment to our Memorandum of Association and Articles of Association;
 - (e) increase or decrease of our Company's registered capital;
 - (f) dissolution of our Company;
 - (g) issuance of our Company's debentures;
 - (h) amalgamation of our Company with other companies; and
 - (i) any other events as required by law to obtain a vote of three-quarters of all shareholders present and entitled to vote.

Pre-emptive Rights and Issuance of Shares

The PLCA provides that all or some of any new Shares issued may, by a resolution of Shareholders adopted at a general meeting, be offered to existing Shareholders in proportion to their respective shareholding or offered to the public or other persons.

Every increase in the registered and paid-up share capital must be registered with the MOC and share certificates will be issued within two months under the PLCA.

The increase of the registered capital requires a vote in the Shareholders' meeting of not less than three-fourths of the total number of voting rights of the Shareholders who attend the meeting and who have the right to vote.

Preference Shares

Under the PLCA, preferential rights accruing to preferred shares already issued cannot be changed. In addition, a preference share cannot be converted into an ordinary share unless otherwise stipulated in our Articles of Association. In addition, a preference share may have less than one vote if specified clearly in our Articles of Association.

As at the Latest Practicable Date, our Company does not have any issued preference shares.

Variation of Rights of Existing Shares or Classes of Shares

As at the Latest Practicable Date, our Company only has one class of shares, i.e., ordinary shares.

Under our Articles of Association, if our Company wants to issue preference shares which have better rights than ordinary shares, approval from a Shareholders' meeting of our Company, with not less than three quarters of the votes of Shareholders attending the meeting and having the right to vote, is required. A preferential right granted to the preference shares which have been issued cannot be changed.

Generally, if our Company wishes to amend any rights of ordinary Shareholders, e.g., right to attend and cast votes and rights to receive dividends etc, it requires to amend our Articles of Association, which such amendment requires approval from a Shareholders' meeting of our Company, with not less than three quarters of the votes of Shareholders attending the meeting and having the right to vote.

Financial Statements

Our Company's accounting period shall commence from 1st January and end on 31st December of each year.

Our Articles of Association and the PLCA provides that our Board of Directors shall prepare the balance sheet and the statement of profit and loss as at the end of each accounting year and present them to Shareholders at the annual general meeting for their consideration and approval. Our Board of Directors shall appoint an auditor to audit the balance sheet and profit and loss statement prior to presenting them to the annual general meeting.

A copy of the audited balance sheet and statement of profit and loss, together with the auditor's report, and an annual report of our Board of Directors, together with supporting documents to be presented to Shareholders, shall be sent to our Shareholders together with the notice of the annual general meeting.

Liquidation Rights

The PLCA provides that in the event of a liquidation, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among Shareholders in proportion to the number of shares held by them.

Repurchase of Shares

Pursuant to the PLCA, our Company may not own its own shares or take them in pledge, except in the following cases:

- (a) we may repurchase Shares from Shareholders who vote against a resolution of the Shareholders' meeting to amend the Articles of Association regarding voting rights and the right to receive dividends, as those Shareholders who vote against such resolution consider that it is unfair to them; and
- (b) we may repurchase Shares for the purpose of financial management if our Company has accumulated profits and surplus liquidity and the repurchase will not cause financial difficulties for our Company.

The Shares held by our Company will neither be counted in the forming of a quorum for a Shareholders' meeting nor have voting rights or the right to receive dividend payments.

The repurchase of Shares, disposal of Shares and the cancellation of repurchased Shares shall be in accordance with the criteria and procedures set out in the ministerial regulations issued under the PLCA and the SEC Act.

Under the ministerial regulations issued under the PLCA, we are required to sell the repurchased Shares within three years from the completion of the Share buy-back. If we fail to dispose of the Shares within this prescribed period, we are required to reduce our paid-up capital by writing off these Shares.

The repurchase of Shares requires Shareholders' approval, except where our Company is listed on the SET and the repurchase is not more than 10.0% of our total paid-up capital, in which case the repurchase may be approved by our Board of Directors.

Take-overs

As our Shares are listed on the SET, we are subject to the tender offer requirements set out in the SEC Act.

Under the SEC Act and the SEC regulation notification issued thereunder, a mandatory tender offer must be made when a person (either on his own or acting in concert with others) acquires Shares in our Company resulting in such person holding Shares which are equal to or in excess of the following trigger points:

- 25.0% of the total voting rights;
- 50.0% of the total voting rights; or
- 75.0% of the total voting rights.

In the case where our Company has repurchased our own Shares which results in an increase in the shareholding of any person in the business reaching or exceeding any trigger point, such person shall make a tender offer for all shares of our Company only if he acquires any additional number of Shares in our Company at any time thereafter when his shareholding in our Company is in excess of the trigger point.

In addition, a mandatory offer is required to be made if a person acquires a significant control of a juristic person which is an existing Shareholder of our Company ("**Immediate Holding Entity**") if upon the acquisition of control of such entity, the aggregate holding of shares by such person, each intermediate entity, the Immediate Holding Entity and their related persons²³ reaches or exceeds the trigger point. The acquisition of control of the Immediate Holding Entity shall include: (a) the holding of 50.0% or more of the total voting rights in the Immediate Holding Entity (in case of direct control) or any intermediate entity, which is connected in an unbroken chain of control, until the Immediate Holding Entity (in case of indirect control); or (b) the power to control the management or operation through the nomination of a substantial number of directors on the board of directors of such entity or our Company.

However, a mandatory offer may be exempted in certain specified circumstances, e.g., where Shares are acquired by inheritance or from the exercise of rights to purchase or conversion rights under convertible securities acquired by inheritance etc.

²³ For the purpose of this paragraph, "**related persons**" means: (a) a spouse of such person; (b) a minor child of such person; (c) an ordinary partnership where such person or a person mentioned in (a) or (b) is a partner; (d) a limited partnership where such person and/or the persons mentioned in (a) or (b) are partners with unlimited liability or partners with limited liability holding more than a 30.0% stake; (e) a limited company or a public limited company where such person and/or the persons mentioned in (a), (b), (c) or (d) collectively hold more than a 30.0% stake; and (f) a juristic person authorised to take action on behalf of such person.

HISTORY OF SHARE CAPITAL

The following tables set forth the changes in the issued and paid-up capital of our Company and each of our subsidiaries within the three years preceding the Latest Practicable Date. Except as disclosed below, there were no changes in the issued and paid-up capital of our Company and each of our subsidiaries within the three years preceding the Latest Practicable Date.

Our Company

Date of Issue/Change	No. of Shares Issued	Issue Price per Share (Baht)	Resultant Issued Share Capital		Reason for Issue/Change
			(No. of Shares)	(Baht'000)	
1 April 2019	8,250,000	100.00	8,250,000	825,000	Incorporation
14 June 2019	1,650,000	100.00	9,900,000	990,000	Rights offering to existing Shareholders
27 August 2019	–	–	990,000,000	990,000	Reduction in the par value of our Shares from THB 100.00 per Share to THB 1.00 per Share. Consequently, each of our Shares of par value THB 100.00 each was sub-divided into 100 Shares of par value THB 1.00 each
29 June 2020	438,780,000	1.00	1,428,780,000	1,428,780	Initial public offering of our Company in Thailand. Allocation of Shares to directors, management and/or employees of STA and STA's subsidiaries (excluding our Group) concurrently with our Thai IPO. Allocation of Shares to Directors, Executive Officers and/or employees of our Group under the STGT ESOP concurrently with our Thai IPO.
28 December 2020	–	–	2,857,560,000	1,428,780	Reduction in the par value of our Shares from THB 1.00 per Share to THB 0.50 per Share. Consequently, each of our Shares of par value THB 1.00 each was sub-divided into two shares of par value THB 0.50 each

SDME

Date of Issue/Change	Change in Registered Capital (USD'000)	Resultant Registered Capital (USD'000)	Reason for Change
31 October 2018	2,500	4,150	Capital contribution

STU

Date of Issue/Change	No. of Shares Issued	Issue Price per Share (US\$)	Resultant Issued Share Capital		Reason for Issue/Change
			(No. of Shares)	(US\$)	
21 February 2020	6,500	1,000	9,500	11,500,000	Capital contribution
18 August 2020	2,000	1,000	11,500	13,500,000	Capital contribution

CONNECTED TRANSACTIONS AND POTENTIAL CONFLICTS OF INTERESTS

The following definitions apply in this section unless the context otherwise requires:

- close relative*** : A spouse, a parent, a sibling, a child and the spouse of the child (whether by blood relations or legal relations by registration)
- connected person*** : Includes the following persons:
- (a) the Directors, executives, major shareholders, and controlling persons of our Company, as well as their related persons and close relatives;
 - (b) any juristic person whose major shareholder or controlling person is the following of our Company or subsidiary:
 - (i) an executive;
 - (ii) a major shareholder;
 - (iii) a controlling person;
 - (iv) a person to be nominated as an executive or controlling person; or
 - (v) a related person or close relative of a person falling under (i) to (iv) above;
- any person whose behaviour can be regarded as acting on behalf of or under the major influence of a person falling under (a) or (b) when making decisions, determining policy, handling management or operations, or other persons the SET deems as acting in the same manner
- connected transactions*** : Transactions made by an SET-listed company or its subsidiary with a connected person
- controlling person*** : A person who: (a) holds 50.0% or more of the total voting shares in a company; (b) has control over the majority of the voting rights, whether directly or indirectly or by any other reason; or (c) controls the appointment or removal of more than half of the directors, whether directly or indirectly
- executive*** : The following persons: (a) the highest ranking executive (e.g., managing director or chief executive officer); (b) the next four executives ranking immediately after the highest ranking executive in the reporting structure; (c) any person who is of equivalent rank to the fourth-ranking executive; and (d) any person in the accounting or finance department who holds a position equivalent to, or more senior than, department manager

major shareholder : A person who/which, together with his/its related persons, holds shares of a company representing more than 10.0% of the total number of shares with voting rights of the company

related person : In relation to a first-mentioned person, means: (a) a spouse of such person; (b) a minor child of such person; (c) an ordinary partnership where such person or a person mentioned in (a) or (b) is a partner; (d) a limited partnership where such person and/or the persons mentioned in (a) or (b) are partners with unlimited liability or partners with limited liability holding more than a 30.0% stake; (e) a limited company or a public limited company where such person and/or the persons mentioned in (a), (b), (c) or (d) collectively hold more than a 30.0% stake; and (f) a juristic person authorised to take action on behalf of such person

COMPLIANCE WITH CONNECTED TRANSACTION REQUIREMENTS UNDER THAI LAWS

As a company listed on the SET, we are required to comply with the requirements in respect of connected transactions under the SEC Act, the Notification of Capital Market Supervisory Board No.TorChor 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the SET Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (collectively, the “**Connected Transactions Regulations**”). Pursuant to the Connected Transaction Regulations, we may, depending on the type and size of the connected transaction, be required to seek approval from our Board of Directors or seek approval from our Shareholders in the event that we propose to enter into a connected transaction with a connected person. The provisions of the Connected Transactions Regulations have not materially changed in 2019 and 2020.

CONNECTED PERSONS AND THEIR RELATIONSHIP TO OUR GROUP

The following table sets out the connected persons who had entered into connected transactions with our Group during the years ended 31 December 2019 and 2020, their principal business activities and their relationship to our Group:

Connected Person	Business Activities	Relationship to Our Group
STA	Manufacture and distribution of natural rubber products such as smoked sheet rubber, concentrated latex, block rubber, etc	<ul style="list-style-type: none"> Major shareholder of our Company Having common directors, namely Mr. Kitichai Sincharoenkul, Dr. Viyavood Sincharoenkul and Mr. Veerasith Sinchareonkul
RBL	Manufacture of concentrated latex and block rubber	<ul style="list-style-type: none"> Shareholder of our Company Subsidiary of our major shareholder, namely STA Having a common director, namely Mr. Veerasith Sinchareonkul
NHR	Manufacture of smoked sheet rubber, concentrated latex and block rubber	<ul style="list-style-type: none"> Subsidiary of our major shareholder, namely STA

Connected Person	Business Activities	Relationship to Our Group
STC	Holding company for companies in the business of rubber and palm plantation	<ul style="list-style-type: none"> Subsidiary of our major shareholder, namely STA
STU	Distribution of gloves in the US	<ul style="list-style-type: none"> Subsidiary of our Company Having a common director, namely Mr. Veerasith Sinchareonkul
PS	Manufacture of smoked sheet rubber ²⁴	<ul style="list-style-type: none"> Subsidiary of our major shareholder, namely STA²⁵
ANV	Wood processing and production of rubberwood furniture	<ul style="list-style-type: none"> Subsidiary of our major shareholder, namely STA
STL	Freight services and preparation of import-export documentation	<ul style="list-style-type: none"> Subsidiary of our major shareholder, namely STA Having a common director, namely Mr. Veerasith Sinchareonkul
PSE	Engineering services; design, manufacture, installation and maintenance of machinery	<ul style="list-style-type: none"> Subsidiary of our major shareholder, namely STA²⁶ Having a common director, namely Mr. Veerasith Sinchareonkul
SDME	Distribution of rubber gloves in the PRC	<ul style="list-style-type: none"> Subsidiary of our Company Having a common director, namely Dr. Viyavood Sincharoenkul
Thaikong	Manufacturing and distribution of rubber gloves	<ul style="list-style-type: none"> Dr. Viyavood Sincharoenkul was a major shareholder and had been a director from 16 August 2018 to 31 March 2019 Amalgamated with our Company on 1 April 2019
STI	Distribution of natural rubber products in Singapore	<ul style="list-style-type: none"> Subsidiary of our major shareholder, namely STA Having common directors, namely Mr. Kitichai Sincharoenkul and Dr. Viyavood Sincharoenkul
SDS	Distribution of natural rubber products in the PRC	<ul style="list-style-type: none"> Subsidiary of our major shareholder, namely STA Having a common director, namely Dr. Viyavood Sincharoenkul
STV	Distribution of natural rubber products and rubber gloves in Vietnam	<ul style="list-style-type: none"> Subsidiary of our major shareholder, namely STA

²⁴ PS has since ceased its manufacturing operations and business.

²⁵ Our Company acquired STA's entire 99.9985% interest in PS on 7 January 2021.

²⁶ Our Company acquired STA's entire (direct and indirect) 99.9992% interest in PSE on 7 January 2021.

Connected Person	Business Activities	Relationship to Our Group
STA IBC	Services related to information systems	<ul style="list-style-type: none"> Subsidiary of our major shareholder, namely STA Having common directors, namely Mr. Kitichai Sincharoenkul, Dr. Viyavood Sincharoenkul and Mr. Veerasith Sinchareonkul
Sri Trang Rubber and Plantation Co., Ltd.	Operation of rubber plantations	<ul style="list-style-type: none"> Subsidiary of our major shareholder, namely STA Having a common director, namely Mr. Veerasith Sinchareonkul
Semperflex Asia Corp., Ltd. ("Semperflex Asia")	Manufacture of high-pressure hydraulic hoses	<ul style="list-style-type: none"> Having the same major shareholders, namely STA and RBL, which hold a total of 42.5% interest in Semperflex Asia Having common directors, namely Mr. Kitichai Sincharoenkul, Dr. Viyavood Sincharoenkul and Mr. Veerasith Sinchareonkul
Alek-Tech Engineering Co., Ltd. ("Alek-Tech")	Distribution and installation of CCTV	<ul style="list-style-type: none"> Mr. Prapun Nakin, managing director and owner of Alek-Tech, is the spouse of our Executive Officer, namely Mrs. Oralak Nakin
Provincial Electricity Authority of Thailand	Electricity production and distribution	<ul style="list-style-type: none"> Having a common director, namely Prof. Dr. Weerakorn Ongsakul
Mr. Anan Pruksanusak	N.A.	<ul style="list-style-type: none"> Our Company's Director
Mrs. Woraphan Nirunsuk	N.A.	<ul style="list-style-type: none"> Sister of our Company's Director, namely Mr. Anan Pruksanusak

DETAILS OF CONNECTED TRANSACTIONS

The table below sets out the details of the connected transactions between our Group and connected persons of our Group for FY2019 and FY2020:

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA	Revenue from sale of rubber gloves	1,175.05	1,543.70	Our Company sold rubber gloves to STA to distribute to certain domestic and foreign customers, due to STA being licensed to sell such products in such overseas countries. All sales were transacted through purchase orders and the selling price of the rubber gloves was at the cost to our Company, plus profit, as appropriate, considering increases/decreases in the costs of the main raw materials, i.e. concentrated latex, production costs, exchange rate, and the rubber glove price situation in the global market. The selling price of rubber gloves was set on a monthly basis. In this regard, the aforementioned selling price was considered to have included the appropriate profit that STA should receive for its business operation of distributing rubber gloves.	<p>The selling prices of such transactions were comparable to the market prices at which our Company sells to other customers, and the selling prices reflect a suitable business model, based on general commercial terms, therefore, such transactions were appropriate and reasonable.</p> <p>When the transfer of customers from STA to our Company has been completed, it is expected that there will not be any operations similar to these transactions in the future.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
				<p>Applications have been made for licences to sell rubber gloves in such overseas countries, thus it has been necessary to sell some rubber gloves through STA until the relevant licences are obtained.</p> <p>Further, STA had previously participated in tenders to distribute rubber gloves to government entities and the private sector, domestically and overseas, and such tenders were awarded with limitations with respect to changing the name of the rubber glove seller.</p> <p>In this regard, such awarded tenders have since expired or been transferred from STA to our Company and the sale of rubber gloves to such domestic and overseas customers has been entirely transferred to our Company.</p>	

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
				<p>In addition, previously, the accounting system and inventory control system of our Company were not able to support distribution to retail customers domestically. Then, our Company was in the process of installing a SAP system to support the distribution of rubber gloves to domestic retail customers.</p> <p>It was, therefore, necessary for our Company to sell rubber gloves to domestic customers through STA until the SAP system was completely installed.</p> <p>In this regard, the installation of the SAP system had since completed and the sale of rubber gloves to domestic customers had been entirely transferred from STA to our Company since January 2021.</p>	

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA	Rental income	3.99	3.99	<p>Our Company entered into lease agreements with STA to lease the warehouse with a usable area of 2,772 sq m, located at 209/2 Moo 2, Phreaksa Sub-District, Mueang District, Samut Prakan Province, for STA to use as a storage area for rubber gloves to be distributed to domestic customers.</p> <p>Each of the lease periods was for one year, from 1 February 2018 to 31 January 2019, 1 February 2019 to 31 January 2020 and from 1 February 2020 to 31 January 2021.</p> <p>In respect of all lease periods, the rent was THB 120 per sq m per month, amounting to THB 332,640 per month, which is equivalent to the rate charged by Denchai Pak Nahm Limited Partnership, the previous lessor of STA prior to our Company purchasing the aforementioned land and building from Denchai Pak Nahm Limited Partnership on 31 January 2018.</p>	<p>The rental rate was reasonable and comparable to the market price, as it is the same rental rate that STA paid when renting from third parties before our Company acquired the warehouse. This transaction was based on general commercial terms which are considered to be appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA	Income from other services	-	6.00	<p>Our Company received income from the collection of a marketing services fee from STA. With reference to our Company's Board of Directors Meeting No. 9/2019, held on 21 November 2019, which passed a resolution acknowledging STA's Board Meeting No. 7/2019 relating to guidelines on the separation of the scope of business between STA and our Company, the marketing services fee was calculated from the expenses relating to the sales of our marketing staff, based on the sales proportion between STA and our Company starting from 1 January 2020, which was a rate that our Company considered to be appropriate and reflects the costs and the actual proportion of sales volume.</p>	<p>The service rate was reasonable and reflects the proportion of sales volume and actual marketing costs. When the transfer of rubber gloves sales transactions from STA to our Company has been completed, it is expected that there will not be any operations similar to these transactions in the future.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA	Revenue from sales of factory materials	0.10	0.11	<p>Our Company received revenue from selling fuel to STA, Trang branch, for use by RBL.</p> <p>As our Company uses such fuel in large quantities, it is able to purchase such fuel at a discounted price. STA used such fuel in small quantities, our Company, therefore, sold such fuel to STA to efficiently reduce costs for the purchase of fuel by the Group at a price referenced to the fuel price at the date of sale and reflecting related costs and appropriate profit.</p>	<p>The transaction was at a rate which reflected the relevant costs and appropriate profit margins.</p> <p>These transactions were based on general commercial terms which are considered appropriate and reasonable.</p>
STA	Trade receivables	106.35	91.11	This refers to trade receivables resulting from the revenue from the aforementioned transactions of our Company with STA.	This was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.
STA	Other receivables	0.38	1.92	This refers to other receivables arising from the revenue from the aforementioned transactions of our Company with STA.	This was an outstanding balance according to the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA	Advance payment	0.01	0.00 ²⁷	Our Company made advance payment to staff who provided services to STA. Our Company collected the money from STA after the work was completed.	It was an outstanding balance of normal business transactions of our Company which was considered appropriate and reasonable.
STA	Purchase of concentrated latex	1,783.55	3,375.39	<p>Our Company purchased concentrated latex from STA and its subsidiaries since STA and its subsidiaries are concentrated latex producers that can produce and deliver concentrated latex to our Company in the volume and quality in accordance with our stipulated criteria.</p> <p>Furthermore, on 28 June 2019, our Company entered into the Concentrated Latex Purchase Agreement with STA and its subsidiaries under commercial terms that were in line with market prices, with a pricing formula referenced to the market price and other factors, including logistics costs, CESS, and exchange rate.</p>	<p>The price of the concentrated latex that our Company purchased from STA was in line with the market price and the reference price that other rubber glove manufacturers used for purchasing raw materials in the production process.</p> <p>The purchase price also reflected the delivery terms, as well as the properties of the concentrated latex that our Company required.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

²⁷ Where the transaction value is reflected as 0.00 in this section, the amount in question is less than THB 0.005 million.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA	IT service fees and maintenance of SAP system	16.65	10.34	<p>Our Company used services in relation to IT and maintenance of the SAP system from STA, namely those in connection with, computer leasing, hardware and software servicing etc., as STA has the necessary equipment and staff that are available to perform the aforementioned services.</p> <p>The service fees were specified according to the type of IT services that were comparable to other service providers, such as notebook leases that have a monthly service fee per notebook as compared to other service providers charging similar fees, and the hardware service fee, examination fee, equipment repair fee, and the service fee charged per notebook per month were comparable to other service providers that provide such services in a similar manner, which may differ in detail with regard to area of service and type of equipment used to provide the service.</p>	<p>Such service rates were reasonable and comparable to the market prices for the same kind of services.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA	Office administrative fee	11.27	26.84	<p>Our Company paid office administrative fees and service fees to STA for services rendered by STA, which included those in relation to the leasing of server room, office area, warehouse area, and the provision of services covering legal, insurance, finance, human resource, branding, and corporate social responsibility.</p> <p>The administrative fee is paid on a monthly basis.</p> <p>In this regard, in May 2020, our Company and STA reviewed all the aforementioned services and mutually agreed on the new service fee to appropriately and reasonably reflect operation and services. A policy has been stipulated to review the administrative fee on an annual basis. The aforementioned rate is a rate that our Company considers reasonable as compared with procuring the staff for such work or procuring such area, including performing the service work on our own.</p>	<p>The aforementioned service rates were reasonable as compared to expenses and costs that would have been incurred by our Company for recruiting employees and procuring such space on our own.</p> <p>This price was comparable to market prices. This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA	Purchase of factory materials	10.76	5.70	<p>STA, Kanchanadit branch sold ammonia to our Company's Surat Thani factory as STA, Kanchanadit branch regularly orders a large amount of ammonia to be used in the production of concentrated latex. In this regard, the purpose was to achieve economies of scale, to increase bargaining power, and to save costs when purchasing orders of ammonia, one of the chemicals used in producing rubber gloves, and to efficiently manage the Group's inventory. This was considered reasonable as compared to the requirement to purchase such ammonia and procure staff for such work on our own.</p>	<p>This transaction allows us to benefit from cost savings in purchasing ammonia from the increased bargaining power for our Company and the Group, as compared to recruiting employees to do such work on our own. This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA	Weighing service fee	0.84	0.84	<p>Our Surat Thani factory paid a weighing service fee to STA, Kanchanadit branch, as our Company does not have the equipment to weigh the trucks that carry goods imported and exported from the factory, such as, concentrated latex, chemicals, firewood, finished products, etc. The service fee was fixed as a monthly service fee. The rate was a rate that our Company considers to be reasonable when compared to procuring equipment, maintenance, and procuring staff in such sector, as well as procuring space for such weighing on our own.</p>	<p>The weighing service was transacted at a monthly rate.</p> <p>Comparing such fee to costs that would have been incurred by our Company for procuring our own equipment, maintenance of such equipment, and staff, as well as space for such equipment, this transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA	Tank rental fees	18.01	19.07	<p>Our Surat Thani factory, paid rental fees to rent concentrated latex tanks from STA, Kanchanadit branch, to store synthetic latex for the production of nitrile gloves.</p> <p>The fees were charged on a monthly basis, based on the number of tanks used, and such fees also included related services, such as loading and unloading of latex, as well as cleaning, and maintenance of the tanks.</p> <p>The fees charged were comparable to the market price of tanks of similar size or tanks altered to be of similar size.</p>	<p>Tank rental fees were comparable to the market price.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>
STA	Trade payables	175.77	482.42	This refers to trade payables resulting from the aforementioned costs and expenses of our Company with STA.	This was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA	Other payables	0.04	–	STA made an advance payment to STA staff who provided services to our Company. STA collected the money from our Company after the work was completed.	This was an outstanding balance of normal business transactions of the Company which was considered appropriate and reasonable.
STA	Investment	0.00 ²⁷	–	Our Company acquired 100.0% of the shareholding interest of STU from STA for the purpose of restructuring of our Group to hold the gloves business. The purchase price of USD1 was mutually agreed between buyer and seller based on the book value price and fair market value of STU.	<p>The investment in such business was in accordance with an agreement that was approved by the authorised person under our Company's management the structure, considering the appropriateness of the future fundraising.</p> <p>The price was appropriate and reasonable for the Company's restructuring. This transaction was considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA	Purchase of land	-	74.33	Our Company purchased land from STA with an area of 166,316 sq m for our Company's production capacity expansion project in Phlai Wat Sub-district, Kanjanadit District, Surat Thani Province. The land is situated next to our Surat Thani factory. The purchase price was mutually agreed between the parties based on the appraisal price of First Star Advisory Co., Ltd., which was approved by the Board of Directors Meeting No. 4/2020 on 14 May 2020.	The rationale behind the purchase was for production capacity expansion and production management. This transaction was reasonable and beneficial to our Company's business operations. In addition, this transaction was considered appropriate and is comparable to the appraised market price by the independent appraiser.
STA (post-acquisition of STU on 30 September 2019 by our Company)	Accrued payments	0.00 ²⁷	-	STA collected telephone service fees incurred by STU staff who worked in Thailand prior to STA billing STU for the fees. The collection occurred after the work was completed. The rate collected was the actual rate of the telephone service fee.	The rate was charged on actual basis. This transaction was considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA (post-acquisition of STU on 30 September 2019 by our Company)	IT service fees and maintenance of SAP system	0.39	1.55	STA provided IT services and SAP system maintenance to STU, including, Licence SAP, Server SAP, and Maintenance Licence SAP, as STA had the equipment and personnel available to perform such services. The rate for the services was as stipulated by the type of IT services which were comparable to other service providers that provide services in a similar manner but may differ with regard to the details of the area of service and type of equipment used in the service.	Such service rates were reasonable and comparable to the market price for the same types of services. This transaction was based on general commercial terms that were considered appropriate and reasonable.
STA (post-acquisition of STU on 30 September 2019 by our Company)	Other service fees	0.04	-	STU made payment to STA of service fees for use of premises to host the annual meeting in 2019. The rate collected was the actual rate that occurred.	The rate was charged on actual basis. This was considered appropriate and reasonable.
STA (post-acquisition of STU on 30 September 2019 by our Company)	Other payables	0.04	0.00 ²⁷	The transactions of other payables included the fee in relation to issuance of bank guarantee from KASIKORN BANK and telephone bills of STU. STA had advanced the payment to STU, and collected the expenses afterwards.	The service rate was charged on actual basis and was considered general expenses payable. This transaction was considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA (post-acquisition of SDME on 28 June 2019 by our Company)	Other payables	0.01	–	STA made an advance payment to STA staff who provided services to SDME. STA collected the money from SDME after the work was completed.	This was an outstanding balance in accordance with normal business transactions of our Company. The transaction is considered appropriate and reasonable.
RBL	Revenue from sales of factory materials	0.23	0.19	<p>Our Company received revenue from selling fuel and chemicals to RBL.</p> <p>As our Company uses such raw materials in large quantities, it is able to purchase such raw materials at a discounted price. RBL used such raw materials in small quantities and our Company, therefore, sold such raw materials to RBL to efficiently reduce costs for the purchase of such raw materials by the Group.</p> <p>The price of fuel was referenced from the price of fuel on the transaction date, and the price of the chemical reflects the related costs and appropriate profits.</p>	<p>The transactions were at a rate which reflected the relevant costs and appropriate profit margins.</p> <p>These transactions were based on general commercial terms which were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
RBL	Other receivables	0.01	0.02	This refers to other receivables resulting from the revenue from the aforementioned transactions of our Company with RBL.	This was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.
RBL	Advance payment	0.02	0.02	Our Company made advance payments to staff who provided services to RBL. Our Company collected the money from RBL after the work was completed.	This was an outstanding balance of normal business transactions of our Company, and was considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
RBL	Purchase of concentrated latex	420.97	671.52	<p>Our Company purchased concentrated latex from RBL. STA and its subsidiaries are concentrated latex producers who can produce and deliver concentrated latex to our Company with volume and quality in accordance with the stipulated criteria.</p> <p>Furthermore, on 28 June 2019, our Company entered into the Concentrated Latex Purchase Agreement with STA and its subsidiaries under commercial terms that were in line with market prices, with a pricing formula referenced to the market price and other factors, including logistics costs, CESS, and exchange rate.</p>	<p>The price of the concentrated latex that our Company purchased from RBL was in line with the market price and the reference prices that other rubber glove manufacturers used for purchasing raw materials for the production process.</p> <p>Moreover, the purchase price reflects the delivery terms, the benefit from the adjacent factory locations of the seller and buyer, as well as the properties of concentrated latex that our Company required, as appropriate.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
RBL	Rental fees	4.64	4.64	<p>Our Company paid rental fees for housing to RBL to provide accommodation for our Company's staff, as the location of our Company's factory is located next to RBL. The fee that our Company paid to RBL was on a monthly basis for all types of buildings amounting to 645 rooms. Furthermore, RBL also directly collected rental fee from our Company's staff who rent rooms of a similar value. The two rental fees were equivalent to rates comparable to those of rooms in the nearby area.</p>	<p>The rental rate was comparable to the monthly market price of dormitories in the neighbouring area.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>
RBL	Land lease fees	1.08	1.08	<p>Our Company leased land to store firewood to be used in producing energy for the production of rubber gloves. The total area leased was 8,672 sq m under title deed no. 250477 at an annual rental rate that is comparable to the service fee for rental in the nearby area of Baan Pru Sub-District, Hat Yai District, Songkhla Province.</p>	<p>The rental rate was comparable to the market price of in the neighbouring area.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
RBL	Weighing service fee	0.86	0.86	<p>Our Company paid a weighing service fee to RBL, as our Company does not have the equipment to weigh the trucks that carry goods imported and exported from the factory, such as, concentrated latex, chemicals, firewood, finished products, etc. The service fee was fixed as a monthly service fee. The rate was a rate that our Company considers to be reasonable when compared to procuring equipment, maintenance, and procuring staff in such sector, as well as procuring space for such weighing on our own.</p>	<p>The weighing service was transacted at a monthly rate.</p> <p>Comparing such fee to costs that would have been incurred by our Company for procuring our own equipment, maintenance of such equipment, and staff, as well as space for such equipment, this transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
RBL	Electricity expenses	0.02	–	<p>Our Company used the electricity and water supply system of RBL for staff housing. The Company paid for electricity at the unit rate and comparable to the Provincial Electricity Authority's charges. In May 2018, RBL requested for a transfer of ownership of the electricity transformers to the Company and gradually transferred the power system, which was completed in April 2019.</p>	<p>The electricity rate was reasonable, which can be compared to the rate that the Provincial Electricity Authority charged our Company. This transaction was based on general commercial terms which were considered appropriate and reasonable.</p> <p>In addition, after the ownership of electricity transformers was transferred to the Company, this transaction had ceased.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
RBL	Tank rental fees	22.22	10.50	<p>Our Company paid rental fees to rent latex tanks with capacity of 100 ton and 250 ton from RBL to store synthetic latex for the production of nitrile gloves.</p> <p>These fees were charged on a monthly basis, based on the number of tanks used, and such fees also included related services, such as loading and unloading of latex, as well as cleaning, and maintenance of the tanks.</p> <p>The fees charged were comparable to the market price of tanks of similar size or tanks altered to be of similar size.</p>	<p>Tank rental fees were comparable to the market price.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>
RBL	Trade payables	42.96	107.81	This refers to trade payables resulting from the aforementioned costs and expenses of our Company with RBL.	This was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
RBL	Other payables	0.00 ²⁷	–	Other payables relating to the damage to RBL from latex spilled by the Company's employees.	It was an outstanding balance based on actual damage, which is based on general commercial terms that is considered appropriate and reasonable.
RBL	Accrued expenses	1.32	1.45	This refers to the accrued expenses from the rental of the latex tanks in the aforementioned transaction of our Company with RBL.	This was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.
NHR	Revenue from sales of factory materials	–	0.01	Our Company had income from the sale of not-in-use second-hand blue buckets to NHR. The sale price was comparable to market prices.	The transaction price was comparable to market prices. This transaction was based on general commercial terms that were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
NHR	Purchase of concentrated latex	107.90	236.18	<p>Our Company purchased concentrated latex from NHR. STA and its subsidiaries are concentrated latex producers who can produce and deliver the concentrated latex to our Company in the volume and quality in accordance with our stipulated criteria.</p> <p>Furthermore, on 28 June 2019, our Company entered into Concentrated Latex Purchase Agreement with STA and its subsidiaries under the commercial terms which is in line with the market price, with the pricing formula which is referenced to market price and other factors including the logistics cost, CESS and exchange rate.</p>	<p>The price of the concentrated latex that our Company purchased from NHR was in line with the market price and the reference prices that other rubber glove manufacturers use for purchasing raw materials for the production process.</p> <p>Moreover, the purchase price reflected the delivery terms, as well as the properties of concentrated latex that our Company required, as appropriate.</p> <p>This transaction is based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
NHR	Other service fees	0.35	0.10	<p>Our Company required additional workers for a short period of time, such as during the period where our Company had purchase orders for gloves that had more varied packaging characteristics than usual, or during the period in which some of the foreign workers were required to comply with various foreign labour laws, resulting in our Company not having sufficient daily labour capacity, etc. As such, our Company hired workers from NHR, on a daily basis, during such periods.</p> <p>The wages our Company paid to NHR were equivalent to the actual wages that NHR paid the staff.</p>	The transaction reflected the actual cost and was based on general commercial terms that were considered appropriate and reasonable.
NHR	Trade payables	0.01	25.68	This refers to trade payables resulting from the aforementioned costs and expenses of our Company with NHR.	This was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STC	Investment	163.07	–	<p>Our Company acquired 100.0% of the shareholding interest of SDME from STC for the purpose of restructuring of our Group to hold the rubber gloves business. The purchase price of RMB 36,000,000 was mutually agreed between buyer and seller based on book value price and the fair market value of SDME.</p>	<p>The investment in such business was in accordance with an agreement that was approved by authorised person for under Company's management structure, considering the appropriateness of the future fundraising.</p> <p>The price was appropriate and reasonable for the Company's restructuring. This transaction was considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
ANV	Purchase of firewood	836.71	1,202.54	<p>Our Company purchased firewood from ANV, as ANV has expertise in the business of procuring and distributing rubberwood with 30 years' experience, has staff that are available to provide services, and has the ability to procure firewood in the quantity required by our Company as we use a large quantity of firewood as a source of energy in the rubber gloves production. The transactions were carried out through purchase orders. The firewood price was the purchase price of ANV at the date of the transaction, plus operational costs, which our Company considers to be appropriate as compared to our Company having to procure such firewood on our own, which would result in additional costs. In addition, our Company is not currently able to procure and collect firewood in an amount sufficient for the overall use of our Company.</p>	<p>Purchase prices for firewood are market prices plus reasonable processing costs. However, given significantly high volume of firewood that our Company requires, it may be difficult to compare with market prices due to related factors, such as volume and transportation fees for different sources.</p> <p>Nevertheless, when considering the data, the price paid to ANV was comparable to other firewood suppliers. Furthermore, the price was reasonable if compared with our Company having to procure firewood on our own, which would incur additional costs.</p> <p>In addition, this transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
				In this regard, on 2 September 2019, our Company entered into a long-term Firewood Purchase Agreement with ANV whereby the price of the firewood sold is determined from cost of ANV, plus the processing fee of ANV.	
ANV	Pallet purchase	0.37	–	Our Company purchased pallets from ANV to be used as part of the package to be sent with the products as required by our customers. ANV is in the business of distributing rubber wood and pallets, and has staff that are available to provide the aforementioned services. The rate of the pallet price was comparable to the market price.	The purchase price of the pallet was the market price plus reasonable processing costs. This transaction was based on general commercial terms, which were considered appropriate and reasonable.
ANV	Other service fees	0.00 ²⁷	–	Our Company used ANV's repair services for pallets. The rate of the service fee was at the actual cost of labour and materials of ANV to perform the services, as part of the after-sales service.	The transaction reflected the actual cost and was based on general commercial terms, which were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
ANV	Other expenses	–	1.81	<p>Our Company purchased: (i) a factory licence issued by the Ministry of Industry for the production of chopped wood from rubberwood and 13 types of trees that were specifically planted; and (ii) a licence to establish a wood processing factory by using machinery for the production and sales of woodchip from rubber wood and 13 types of trees that were specifically planted, from ANV.</p> <p>The invoiced expense was the price as agreed in the woodchip factory sale and purchase agreement dated 12 May 2020.</p> <p>Such transaction was considered a legal necessity in accordance with the business operations of our Company. In addition, the transaction value was considered reasonable, as it was calculated from the actual cost of obtaining such licence of ANV.</p>	<p>This transaction was based on actual costs plus processing costs.</p> <p>This transaction was based on general commercial terms, in accordance with our Company's business operation, and is therefore appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
ANV	Advance payment	-	20.00	This refers to advance payments made for the aforementioned costs, to support the increase in production capacity from January 2020 onwards.	This was based on the estimated amount of firewood to be purchased in advance, was based on general commercial terms, and was considered ordinary prepaid items in accordance with an increase in production volume and firewood usage, which was considered appropriate and reasonable.
ANV	Trade payables	10.93	9.86	This refers to trade payables resulting from the aforementioned costs and expenses of our Company with ANV.	This was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.
STL	Income from other service	-	0.10	Our Company received compensation for fines from an incorrect container number in the Bill of Lading document prepared by STL. The amount was based on the actual fine paid.	The fine was charged from the actual rate that our Company had to pay. This transaction was considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STL	Transportation fees	61.87	77.88	<p>STL provided transportation services to our Company. STL has equipment and personnel available to provide the aforementioned services, and has experience in the business of more than 20 years.</p> <p>The service was rendered through purchase orders and the rate of service fee was determined by market price and adjusted according to changes in the price of fuel during different periods.</p>	<p>STL has expertise in the provision of transportation services, as well as import and export documentation services.</p> <p>The service rate was reasonable and reflected the operational costs of STL as compared to other providers of the same type of service.</p> <p>This transaction was based on general commercial terms that are considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STL	Import and export document arrangement fee	7.08	10.49	<p>STL provided import and export documentation services to our Company as STL operates import and export documentation services with more than 20 years of experience in the business and has expertise and personnel available to provide the aforementioned services.</p> <p>The service was rendered through purchase orders and the rate of fee for the import and export of documents was per set of documents, which was a rate comparable to the market price for similar business characteristics.</p>	<p>STL has expertise in the provision of transportation services, as well as import and export documentation services.</p> <p>The service rate was reasonable and reflected the operational costs of STL as compared to other providers of the same type of service.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STL	Other service fees	21.92	9.95	<p>STL provided trailer service and management of car-pooling service to our Company as STL has expertise and personnel available to provide the aforementioned services.</p> <p>The service was rendered through purchase orders, and the trailer service fee charged was based on the excess of free time per trailer per day, which was comparable to other overnight transportation service providers.</p> <p>Our Company paid transportation service and management of car-pooling fees to STL as STL has expertise and personnel available to provide the aforementioned services, and has capability to deliver goods to customers in time as per customers' demand.</p> <p>Comparing to increasing amount of export from a corporate expansion, such service rate was considered reasonable.</p>	<p>STL has expertise in the provision of transportation services, as well as import and export documentation services.</p> <p>The service rate was reasonable and reflected the operational costs of STL as compared to other providers of the same type of service.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STL	Trade payables	9.83	8.71	This refers to trade payables resulting from the aforementioned costs and expenses of our Company with STL.	There was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.
STL	Other payables	0.32	0.36	This refers to other payables resulting from the aforementioned costs and expenses of our Company with STL.	There was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.
STL	Accrued expenses	0.79	1.46	This refers to accrued transport expenses resulting from the aforesaid transactions.	There was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
PSE	Revenue from sales of factory materials	6.08	6.00	<p>Our Company received revenue from the sale of chemicals, fuels, and hand former cleaning equipment, to PSE, which is the machinery cleaning service provider of our Company.</p> <p>In this regard, our Company regularly purchased significant amounts of chemicals and equipment, whilst PSE used the aforementioned raw materials and equipment in a small amount. In order to save costs when purchasing chemicals and equipment, and to efficiently manage the inventory of the STA group, our Company sold parts of its raw materials and equipment to PSE at the price of the average cost to our Company.</p>	This transaction was reasonable because it provided overall savings on purchasing costs of our Company and the Group. The price reflected related costs, and this transaction was based on general commercial terms that were considered appropriate and reasonable.
PSE	Income from other services	-	0.03	<p>Our Company received income from PSE in relation to the internet services provided to PSE staff.</p> <p>The rate charged was the same rate that TOT Public Company Limited collects from our Company.</p>	<p>The rate charged was comparable to the market rates.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
PSE	Other receivables	0.51	0.41	This refers to other receivables arising from the revenue from the aforementioned transactions of our Company with PSE.	There was an outstanding balance based on the payment criteria, which was based on general commercial terms that are considered appropriate and reasonable.
PSE	Production and installation of machinery	847.08	508.51	Our Company hired PSE to design, manufacture, and install machinery, as it has long-term expertise in designing, installing, and maintaining machinery and equipment for the production of rubber gloves for our Company. An agreement was entered into for each separate project that was outsourced. Additionally, the production and installation of machinery for the rubber glove production involves trade secret technology which our Company does not intend outsiders to have access to. The aforementioned rate is in line with that of other service providers in the same category.	PSE specialises in providing such services and has the experienced personnel and equipment to provide such services. The rate of the service fee was comparable to the market price. This transaction was based on general commercial terms that were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
PSE	Purchase of spare parts	154.15	106.40	<p>Our Company purchased spare parts from PSE, such as motors, pumps, valves, electrical equipment, etc., as PSE has expertise in procuring machinery and equipment to produce gloves for the Group.</p> <p>In this regard, the aforementioned rate was comparable to the market price.</p>	<p>PSE specialises in providing such services and has the experienced personnel and equipment to provide such services.</p> <p>The rate of the service fee was comparable to the market price. This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
PSE	Maintenance service fees	595.51	189.25	<p>Our Company paid maintenance service fees to PSE, who has long-term expertise in designing, installing, and maintaining machinery and equipment for the production of rubber gloves for our Company. The service was rendered through purchase orders. In addition, repair and maintenance of the machinery used for glove production is considered to involve trade secret technology which our Company does not intend outsiders to have access to. Furthermore, the hiring of PSE means that our Company does not have to procure its own staff, which would incur additional burden for personnel expenses. In this regard, the rate of the service fee is comparable to that of the market price.</p>	<p>PSE specialises in providing such services and has the experienced personnel and equipment to provide such services.</p> <p>The rate of the service fee was comparable to the market price. This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
PSE	Cleaning service fees	81.07	106.32	<p>Our Company paid cleaning service fees to PSE, as PSE has expertise and knowledge of equipment and machinery involved in glove production. The service is rendered through purchase orders. Additionally, the cleaning of rubber glove production machinery is considered to involve trade secret technology which our Company does not intend outsiders to have access to. The rate of the service fee was comparable to that of the market price.</p>	<p>PSE specialises in providing such services and has the experienced personnel and equipment to provide such services.</p> <p>The rate of the service fee was comparable to the market price. This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>
PSE	Calibration fees	4.67	5.92	<p>Our Company paid service fees for the calibration of various machinery to PSE. The service was rendered through purchase orders. PSE holds ISO IEC17025 certification for calibration standards and has equipment and personnel available to provide services that are accessible in case of an emergency. The rate of the service fees were stipulated in accordance with equipment type, and the rates of the service fees were comparable to the market price of other third party calibration providers.</p>	<p>PSE specialises in providing such services and has the experienced personnel and equipment to provide such services.</p> <p>The rate of the service fee was comparable to the market price. This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
PSE	Other service fees	0.20	0.36	Our Company paid equipment transportation service fee and asset certification service fee for crane and lift to PSE as indicated in the purchase orders. This service was provided from time to time.	Such services were in relation to the production process, machine installation, and maintenance. PSE specialises in providing such services, and has experienced personnel and equipment to provide such services. The rate of the service fee was comparable to the market. This transaction was based on general commercial terms that were considered appropriate and reasonable.
PSE	Purchase of factory materials	0.20	1.08	Our Company purchased control valve, sawdust and miscellaneous equipment, such as nets, shelves, etc., from PSE. The purchase prices were comparable to market prices.	The transaction prices were comparable to market prices. This transaction is based on general commercial terms that were considered appropriate and reasonable.
PSE	Other expenses	0.08	0.17	Our Company paid service fees to PSE for use of premises to host training in order to efficiently reduce the training costs of the Group. The fees charged were based on the average costs of PSE and comparable to the costs of other training locations.	There were cost savings in relation to the overall training of our Company and the Group. This transaction was considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
PSE	Trade payables	118.54	93.52	This refers to trade payables resulting from the aforementioned costs and expenses of our Company with PSE.	There was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.
PSE	Other payables	0.00 ²⁷	0.21	This refers to other payables resulting from the aforementioned costs and expenses of our Company with PSE.	There was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.
Thaikong (Prior to the amalgamation and formation of our Company, transaction between 1 January 2019 – 31 March 2019)	Revenue from sale of factory material	0.34	–	Our Company distributed gloves packaging and chemicals to Thaikong to package rubber gloves where rubber gloves packaging was damaged during transportation or storage by the customer. Such packaging and chemicals were also used in Thaikong production process. The purchase price was the cost price of the Company plus the related processing costs and appropriate profit.	The Company distributed gloves packaging and chemicals to Thaikong at the Company's cost plus related reasonable processing costs and reasonable profit. This transaction was based on general commercial terms, which were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
Thaikong (Prior to the amalgamation and formation of our Company, transaction between 1 January 2019 – 31 March 2019)	Other receivables	0.02	–	Training was provided by our Company for ThaiKong's staff. The fee was charged based on the cost per headcount to our Company.	There were cost savings in relation to conducting joint training for staff of our Company and the Group. This transaction was considered appropriate and reasonable.
Thaikong (Prior to the amalgamation and formation of our Company, transaction between 1 January 2019 – 31 March 2019)	Glove purchase	276.82	–	Our Company purchased rubber gloves from ThaiKong, one of the gloves producers that was able to produce the product that had the specific quality as required by our Company's customers. This reduced the risk of procuring the product from other suppliers. All the purchases were made under the rubber gloves sales purchase agreement with the purchase price in accordance with the ex-factory conditions, and it was comparable to the price of similar products that the Company sold at the same time.	The price was comparable to the market price that the Company sells rubber gloves to other customers. This transaction was based on general commercial terms. The Company gained appropriate profit from this transaction. This transaction was considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
Thaikong (Prior to the amalgamation and formation of our Company, transaction between 1 January 2019 – 31 March 2019)	Trade payables	17.10	–	Trade payables resulting from the aforementioned expenses of our Company with Thaikong.	This was an outstanding balance based on payment criteria, which was based on general commercial term and were considered appropriate and reasonable.
PS	Other expenses	0.11	1.16	Our Company required additional workers for a short period of time, such as the period where our Company had purchase orders for gloves that had more varied packaging characteristics than usual, or during the period in which some of the foreign workers were required to comply with various foreign labour laws, resulting in our Company not having sufficient daily labour capacity, etc. Therefore, our Company hired workers from PS, on a daily basis, during such periods. The wages our Company paid to PS were equivalent to the actual wages that PS paid the staff.	The transaction reflected the actual cost and was based on general commercial terms that were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STI	Revenue from sales of gloves	236.03	–	<p>Our Company sold rubber gloves to STI to distribute to certain foreign customers. The sales were transacted through purchase orders, and the selling price of the rubber gloves was at the cost to our Company, plus profit, as appropriate, considering increases/decreases in the costs of the main raw material i.e. concentrated latex, production cost, exchange rate and the rubber global price situation in the global market. The selling price of rubber gloves was set on a monthly basis. In this regard, the aforementioned selling price was considered to have included the appropriate profit that STI should receive for its business operation of distributing rubber gloves. The Company did not have any plans to bring STI under our Company as STI mainly operates the business of distributing natural rubber products. On 31 December 2019, our Company had ceased the sales of gloves to STI.</p>	<p>The selling price of such transactions was comparable to the market price at which our Company sells to other customers, and reflected a suitable business model, based on general commercial terms. Therefore, such transactions were considered appropriate and reasonable. As of 31 December 2019, the Company had ceased selling rubber gloves to STI. This transaction will not recur in the future.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STI	Revenue from the sales of factory materials	0.14	–	Our Company distributed rubber gloves packaging to STI to package rubber gloves where the rubber gloves packaging was damaged during transportation or storage by the customer. The purchase price was the cost price of the Company plus the related processing costs and appropriate profit.	The Company distributed gloves packaging to STI at the Company's cost plus related processing costs and reasonable profit. This transaction was based on general commercial terms, which were considered appropriate and reasonable.
STI	Other service consultant fees	–	6.65	Our Company paid fees for consultant recruiting service to STI in view of the appropriate qualifications according to our Company's criteria under the service agreement. The business advisor has the role and responsibility to align business operations with the objectives of our Company. Taking into account the knowledge, capability, experience, and completeness of qualifications of the consultant, the service rates are reasonable.	Considering the qualifications and roles of the consultants to our Company, this transaction was considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STU (prior to the restructuring of the Company, transactions between 1 January 2019 to 30 September 2019)	Revenue from sales of gloves	237.86	–	<p>Our Company sold gloves to STU to distribute rubber gloves to customers in the United States. The sales were transacted through purchase orders and the selling price of the rubber gloves was at the cost to our Company, plus profit, as appropriate, considering increases/decreases in the costs of the main raw materials, i.e. concentrated latex, production costs, exchange rate, and the rubber glove price situation in the global market. The selling price of rubber gloves was set on a monthly basis. In this regard, the aforementioned selling price was considered to have included the appropriate profit that STU should receive for its business operation of distributing rubber gloves.</p> <p>On 30 September 2019, our Company acquired 100.0% of the shareholding interest of STU from STA for the purpose of restructuring our Group to hold the gloves business.</p>	This selling price can be compared to the market price that the Company sold to other customers and reflected the suitable business model. This transaction was based on general commercial terms, which were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STU (prior to the restructuring of the Company, transactions between 1 January 2019 to 30 September 2019)	Trade receivables	97.72	–	Trade receivables resulting from the revenue from the aforementioned transactions of our Company with STU.	This was an outstanding balance based on payment criteria. This transaction was based on general commercial terms and normal trade payable transaction, which were considered appropriate and reasonable.
SDS	Other payables	0.01	–	SDS made an advance payment to SDS staff who provided services to our Company. SDS collected the money from our Company after the work was completed.	This was an outstanding balance which was based on general commercial terms, which were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
SDS (post-acquisition of SDME on 28 June 2019 by our Company)	Office expenses service	2.26	5.73	SDME paid for office services, such as human resource management services, accounting services, and branding services provided by SDS. The rates for such services were agreed upon on 15 September 2019 and shall be reviewed annually in accordance with the terms and conditions in the agreement. In negotiating the rates, SDME considered the rates and compared them with the costs of recruiting its own workers for such services, procuring the space and carrying out such services by itself.	The service rate was reasonable and comparable to costs and expenses that would have occurred to SDME for recruiting employees and providing services on our own. This transaction was based on general commercial terms, consistent with our Company's business operations, which were considered appropriate and reasonable.
SDS (post-acquisition of SDME on 28 June 2019 by our Company)	Other payables	1.70	-	This refers to other payables resulting from the costs and expenses from the aforementioned transactions of SDME with SDS.	This was an outstanding balance based on payment criteria. This transaction was based on general commercial terms and normal trade payable transaction, which were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STV	Revenue from the sale of gloves	8.27	37.61	<p>Our Company sold rubber gloves to STV for distribution to customers in Vietnam.</p> <p>Sales were conducted through purchase orders and the selling price of the gloves was based on cost plus profit as appropriate, taking into account increases/decreases in the primary costs, such as concentrated latex, production costs, exchange rates, and the rubber gloves price situation in the global market. The selling price of rubber gloves was set on a monthly basis. In this regard, the aforementioned selling price was considered to have included an appropriate profit that STV deserves for the business operation of distributing rubber gloves.</p> <p>In the event that our Company sells more than 10 million pieces of rubber gloves per month in Vietnam for a period of not less than three consecutive months, or if STA and our Company consider it appropriate (whichever occurs first), our Company shall establish a subsidiary company to sell rubber gloves in Vietnam and no longer rely on STV.</p>	The selling price of such transactions was comparable to the market price that our Company sold rubber gloves to other customers and the selling price reflected a suitable business model including general commercial terms, therefore such transactions were appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STV	Trade receivables	0.91	7.75	This refers to trade receivables resulting from the aforementioned sales of our Company with STV.	There was an outstanding balance according to the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.
STV	Commission fees	0.23	0.47	Our Company paid STV commissions for contacting customers and coordinating the sale of gloves, based on the volume of rubber gloves sold at the agreed rates, which were comparable to the commissions that our Company pays to other customers. Our Company's policy on commission fees was announced on 7 February 2020.	The service rate was reasonable and comparable to the commission rate that our Company pays to other customers, and was for the purpose of supporting our Company's business. This transaction was based on general commercial terms which were considered appropriate and reasonable.
STV	Trade payables	0.12	0.07	This refers to trade payables resulting from the aforementioned costs and expenses of our Company with STV.	There was an outstanding balance based on the payment terms, which was based on general commercial terms that were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
SDME (Prior to the restructuring of the Company, transactions between 1 January 2019 to 30 June 2019)	Revenue from selling rubber gloves	410.96	–	Our Company sold gloves to SDME to distribute rubber gloves to customers in China. All sales were transacted through purchase orders and the selling price of the rubber gloves was at the cost to our Company, plus profit, as appropriate, considering increases/decreases in the costs of the main raw materials, i.e. concentrated latex, production costs, exchange rate, and the rubber glove price situation in the global market. The selling price of rubber gloves was set on a monthly basis. In this regard, the aforementioned selling price was considered to have included the appropriate profit that SDME should receive for its business operation of distributing rubber gloves.	The selling price of such transactions can be compared with the market price that the Company sold rubber gloves to other customers and the selling price that reflected a suitable business model including general commercial terms. Therefore, such transactions were appropriate and reasonable.
SDME (Prior to the restructuring of the Company, transactions between 1 January 2019 to 30 June 2019)	Trade receivables	283.44	–	This refers to trade receivables resulting from the revenue from the aforementioned transactions of our Company with SDME.	This was an outstanding balance based on payment criteria. This transaction was based on general commercial terms, which were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
SDME (Prior to the restructuring of the Company, transactions between 1 January 2019 to 30 June 2019)	Other receivables	0.00 ²⁷	–	Our Company made an advance payment to the staff working for SDME. Our Company collected the money from SDME after the work was completed.	It was an outstanding balance of normal business transactions of our Company which was considered appropriate and reasonable.
Semperflex Asia	Revenue from sale of raw materials	1.08	0.84	<p>Our Company sold chemicals and fuel to Semperflex Asia, as our Company purchased significant amount of factory materials, whilst Semperflex Asia used small amount of the aforementioned materials. In order to save costs on the purchase of chemicals and efficiently manage the inventory of the Group, our Company sold chemicals and fuel to Semperflex Asia.</p> <p>The price of fuel was referenced from the price of fuel on the transaction date, and the price of the chemicals reflects the related costs and appropriate profits.</p>	<p>The transactions were at a rate which reflected the relevant costs and appropriate profit margins.</p> <p>These transactions were based on general commercial terms which were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
Semperflex Asia	Income from other services	6.98	4.84	Our Company sold steam to Semperflex Asia, as Semperflex Asia does not have its own steam machine. The price of the steam was referenced from related costs and the appropriate profit of our Company.	The transaction was at a rate which reflected the relevant costs and appropriate profit margin. This transaction was based on general commercial terms which were considered appropriate and reasonable.
Semperflex Asia	Other receivables	0.37	0.48	This refers to other receivables arising from the revenue from the aforementioned transactions of our Company with Semperflex Asia.	There was an outstanding balance based on the payment terms. The transaction was based on general commercial terms that were considered appropriate and reasonable.
Semperflex Asia	Other expenses	0.06	0.12	Our Company purchased hydraulic hoses from Semperflex Asia via purchase orders to maintain and repair machinery. The prices of the hydraulic hoses were comparable to market prices.	This transaction was based on reasonable rates comparable to market prices and was based on general commercial terms which were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA IBC	IT service fees and maintenance of SAP system	7.24	46.14	<p>Our Company used services in relation to IT and maintenance of the SAP system from STA IBC, namely those in connection with computer leasing, hardware and software servicing etc., as STA IBC has equipment and staff that are available to perform the aforementioned services.</p> <p>The service fees were specified according to the type of IT services that were comparable to other service providers, such as notebook lease that has a monthly service fee per notebook as compared to other service providers charging similar fees, and the hardware service fee, examination fee, equipment repair fee, and the service fee charged per notebook per month were comparable to other service providers that provide service in a similar manner, which may differ in detail with regard to area of service and type of equipment used to provide the service.</p>	<p>Such service rates were reasonable and comparable to the market prices for the same kinds of services.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA IBC	Service fees	–	16.97	Our Company paid service fees to STA IBC in relation to expenses for 2 personnel under the secondment agreement to provide services to our Company, the marketing team, and the product R&D team. This included the setting of goals, the vision, and the strategy with regard to marketing and product development, to be in line with the business objectives of our Company. Taking into account the complete knowledge, capabilities, experience, and quality, the aforesaid service fees were suitable.	Though it would not be possible to compare such service rates with market prices, considering the qualifications of the personnel, this transaction was considered appropriate and reasonable.
STA IBC	Trade payables	1.86	8.62	This refers to trade payables resulting from the aforementioned costs and expenses of our Company with STA IBC.	There was an outstanding balance based on the payment terms. The transaction was based on general commercial terms that were considered appropriate and reasonable.
STA IBC	Accrued expenses	2.23	–	Accrued expenses resulted from the expenses from the transaction aforementioned relating to IT and maintenance of SAP system.	This was an outstanding balance based on payment criteria. This transaction was based on general commercial terms which were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA IBC	Other payables	0.01	–	STA IBC made an advance payment to the STA IBC staff who provided services to our Company. STA IBC collected the money from our Company after the work was completed.	This was an outstanding balance based on payment criteria. This transaction was based on general commercial terms, which were considered appropriate and reasonable.
STA IBC (post-acquisition of STU on 30 September 2019 by our Company)	IT service fees and maintenance of SAP system	0.03	0.14	STU paid service fees to STA IBC relating to the Maintenance Service system of the SAP programme, as STA IBC has equipment and personnel available to perform the aforementioned services. The service fee according to the type of IT services which can be compared with other service providers that provide service with similar characteristics, which may differ in detail with regard to space, type, and equipment used to provide the service.	Such service rates were reasonable and comparable to the market prices for the same kinds of services. This transaction was based on general commercial terms that were considered appropriate and reasonable.
STA IBC (post-acquisition of STU on 30 September 2019 by our Company)	Accrued expenses	0.00 ²⁷	–	This refers to the accrued expenses from the aforementioned transactions of our Company with STA IBC.	This was an outstanding balance based on payment criteria. This transaction was based on general commercial terms, which were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
STA IBC (post-acquisition of STU on 30 September 2019 by our Company)	Trade payables	0.01	0.01	This refers to trade payables resulting from the expenses from the aforementioned transactions of STU with STA IBC.	There was an outstanding balance based on the payment terms. This transaction was based on general commercial terms that were considered appropriate and reasonable.
STA IBC (post-acquisition of SDME on 28 June 2019 by our Company)	IT service fees and maintenance of SAP system	–	0.11	SDME paid service fees to STA IBC relating to the Maintenance Service system of the SAP programme, as STA IBC has equipment and personnel available to perform the aforementioned services. The service fee according to the type of IT services which can be compared with other service providers that provide service with similar characteristics, which may differ in detail with regard to space, type, and equipment used to provide the service.	Such service rates were reasonable and comparable to the market prices for the same kinds of services. This transaction was based on general commercial terms that were considered appropriate and reasonable.
STA IBC (post-acquisition of SDME on 28 June 2019 by our Company)	Trade payables	–	0.11	This refers to other trade payables arising from the expenses from the aforementioned transactions of SDME with STA IBC.	There was an outstanding balance based on the payment terms. This transaction was based on general commercial terms that were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
Sri Trang Rubber and Plantation Co., Ltd.	Income from other services	–	0.10	Our Company had received income from the sale of not-in-use second-hand blue buckets to Sri Trang Rubber and Plantation Co., Ltd.. The sale prices were comparable to the market prices.	The transaction was comparable to the market price. This transaction was based on general commercial terms that were considered appropriate and reasonable.
Sri Trang Rubber and Plantation Co., Ltd.	Advance payment	0.00 ²⁷	–	Our Company made an advance payment to staff who provided services to Sri Trang Rubber and Plantation Co., Ltd.. Our Company collected the money from Sri Trang Rubber and Plantation Co., Ltd. after the work was completed.	This was an outstanding balance in accordance with normal business transactions of our Company, which were considered appropriate and reasonable.
Alek-Tech Engineering Company Limited	Equipment and spare parts expenses	0.00 ²⁷	–	Our Company purchased smoke detectors from Alek-Tech. There was a price comparison process run by the procurement team, and the service and procurement fees charged by Alek-Tech were comparable to the market price.	A price comparison process was run and the fees charged by Alek-Tech were comparable to the market prices. This transaction was based on general commercial terms that were considered appropriate and reasonable.
Alek-Tech Engineering Company Limited	Maintenance service expenses	0.00 ²⁷	–	Our Company paid maintenance service fees to Alek-Tech for the maintenance of our fibre optic system. There was a price comparison process run by the procurement team, and the maintenance service fees charged by Alek-Tech were comparable to the market price.	A price comparison process was run and the fees charged by Alek-Tech were comparable to the market prices. This transaction was based on general commercial terms that were considered appropriate and reasonable.

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
Provincial Electricity Authority	High voltage system installation expenses	10.63	3.12	<p>Our Company paid the Provincial Electricity Authority for the installation of high voltage systems to expand the electricity distribution area to be utilised by our Company in the production of gloves.</p> <p>The price charged by the Provincial Electricity Authority was the same rate it charges other operators.</p>	<p>Such service rates were at market price.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>
Provincial Electricity Authority	Electricity expenses	617.43	629.73	<p>Our Company paid the Provincial Electricity Authority for electricity used in its production process and business operations.</p> <p>The price charged by the Provincial Electricity Authority was the same rate it charges other operators.</p>	<p>Such service rates were at market price.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
Provincial Electricity Authority	Electricity system repair expenses	0.03	0.06	<p>Our Company paid the Provincial Electricity Authority for the detection of hot spots or electrical fault spots.</p> <p>The price charged by the Provincial Electricity Authority was the same rate it charges other operators.</p>	<p>Such service rates were at market price.</p> <p>This transaction was based on general commercial terms that were considered appropriate and reasonable.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
Mr. Anan Pruksanusak and Mrs. Sureeporn Pruksanusak (deceased with Mr. Anan Pruksanusak as administrator)	Purchase of land	-	82.10	<p>Our Company purchased land from Mr. Anan Pruksanusak with a total area of 219,803.2 sq m at the purchase price of THB 63,193,420, and land from Mrs. Sureeporn Pruksanusak (with Mr. Anan Pruksanusak acting as administrator) with a total area of 65,778.4 sq m at the purchase price of THB 18,911,290, in order to construct our Company's rubber glove factory in Sumnakhom Sub-district, Sadao District, Songkhla Province, which is located in a special economic zone promoted by the BOI. Our Company will receive tax exemption for eight years and will be entitled to offset double the amount of its electricity costs against the amount of its tax payable for 10 years, as well as a reduction in logistics costs, as the location is near the Sadao border. Our Company will be able to transport products through Penang Port in Malaysia, avoiding the congestion of Songkhla Port and saving on logistics costs.</p>	<p>The land is located in a special economic zone promoted by the BOI, which is suitable for the construction of our Company's glove factory. This transaction was reasonable and beneficial to support our Company's business operations in relation to rubber glove production capacity expansion. In addition, this transaction was considered appropriate and comparable to the market price as appraised by the independent appraiser.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
				<p>The land purchase price was mutually agreed between the buyer and sellers based on the appraisal price of First Star Advisory Co., Ltd. This transaction was approved by Board of Directors Meeting No. 5/2020 on 25 August 2020.</p>	
<p>Mrs. Woraphan Nirunsuk (Mr. Anan Pruksanusak's sister)</p>	<p>Purchase of land</p>	<p>-</p>	<p>12.59</p>	<p>Our Company purchased land from Mrs. Worapan Nirunsuk with a total area of 43,808.4 sq m in order to construct our Company's rubber glove factory in Sumnakhom Sub-district, Sadao District, Songkhla Province, which is located in a special economic zone promoted by the BOI. Our Company will receive tax exemption for eight years and be entitled to offset double the amount of its electricity costs against the amount of its tax payable for 10 years, as well as a reduction in logistics costs, as the location is near the Sadao border. Our Company will be able to transport products through Penang Port in Malaysia, avoiding the congestion of Songkhla Port and saving on logistics costs.</p>	<p>The land is located in a special economic zone promoted by the BOI, which is suitable for the construction of our Company's glove factory and is located close to water sources and energy facilities. This transaction was reasonable and beneficial to support our Company's business operations in relation to rubber glove production capacity expansion. In addition, this transaction was considered appropriate and comparable to the market price as appraised by the independent appraiser.</p>

Connected Person	Relevant Line Item in the Consolidated Financial Statements	Transaction Value in 2019 (THB million)	Transaction Value in 2020 (THB million)	Rationale for the Transaction	Opinion of the Audit Committee
				The land purchase price was agreed between the buyer and seller based on the appraisal price of First Star Advisory Co., Ltd. This transaction was approved by Board of Directors Meeting No. 5/2020 on 25 August 2020.	

MEASURES AND PROCEDURES FOR APPROVING CONNECTED TRANSACTIONS

Our Company will comply with the requirements under the SEC Act and the Connected Transactions Regulations including the disclosure requirements on connected transactions in the annual registration statement (Form 56-1).

Our Board of Directors has established the following measures and procedures for considering and approving connected transactions:

- the Board of Directors will put in place procedures for connected transactions in accordance with the work procedures of our Company, subject to the framework of ethics and scrutiny of the Audit Committee, and taking into account the interest of our Company and Shareholders. The Board of Directors will ensure compliance with the Connected Transactions Regulations;
- the price suitability and reasonableness of transactions must be considered in approving the transactions. Conditions of the transactions shall on be normal commercial terms prevailing in the relevant industry, and/or will be compared with prices offered by third parties and/or market prices, and/or shall be comparable to the prices or conditions offered by third parties and/or shall demonstrate reasonable or fair pricing and conditions;
- in considering and approving connected transactions involving major shareholders, Directors, executives, persons with possible conflicts of interest or connected persons of our Company, Directors who have an interest in the transaction and/or Directors who are connected persons are restricted from attending the relevant meeting and from voting on such transactions;
- we may enter into connected transactions with Directors, executives or connected persons only when such transactions are carried out in accordance with the requirements of the SET and the Thai SEC;
- we may arrange for experts or specialists, such as independent experts, auditors or appraisers, to provide an opinion on connected transactions for the consideration of our Audit Committee, our Board of Directors and/or our Shareholders at a shareholders' meeting, as the case may be;
- we will prepare a summary report of connected transactions to be presented at quarterly meetings of our Audit Committee and Board of Directors, in compliance with the requirements of the SEC Act and the relevant regulations, notifications and orders of the Thai SEC, the CMSB and the SET; and
- our internal audit department will carry out audits of connected transactions in accordance with the audit plan, and will report to our Audit Committee. There will be measures to control, inspect and oversee random checks of transactions entered into in order to ensure that the transactions are entered into in accordance with the relevant policies and procedures.

The management may approve connected transactions which are ordinary business transactions or ordinary business support transactions of our Company, including recurring transactions in the future if such transactions contain normal commercial terms involving a Director, executive, connected person or person with possible conflicts of interest and such business terms are on an arm's length basis without the negotiating power or influence of Director, executive, connected person or person with possible conflicts of interest (as the case may be), and will not result in a transfer of benefits and/or can demonstrate reasonable or fair pricing and conditions, which have already been approved in principle by our Board of Directors or in accordance with the principles approved by our Board of Directors.

Any connected transaction without normal commercial terms may be entered into subject to consideration and approval by our Audit Committee, who shall grant approval based on the necessity of such transactions and the appropriateness of the transaction price, taking into account conditions that are in line with the normal course of business within the industry and/or will be comparable to the prices or conditions offered by third parties and/or market prices, and/or shall be comparable to the prices or conditions offered by third parties and/or shall demonstrate reasonable or fair pricing and conditions. Transactions shall be proposed to our Board of Directors for consideration and approval. However, if the size of a transaction is considered material in accordance with the Connected Transactions Regulations, after the transaction has been approved by our Board of Directors, the transaction shall be further proposed to the Shareholders' meeting for approval.

FUTURE CONNECTED TRANSACTIONS

We expect to continue entering into connected transactions with persons with possible conflicts of interest with our Company in the future, as follows:

- ordinary business transactions on normal commercial terms, such as the sale of rubber gloves to and the purchase of concentrated latex and firewood from companies in the STA Group. We currently purchase and intend to continue purchasing concentrated latex from STA, RBL and NHR as well as firewood from ANV, and have entered into the Concentrated Latex Purchase Agreement with STA, RBL and NHR as well as the Firewood Purchase Agreement with ANV for this purpose; and
- ordinary business support transactions on normal commercial terms, such as procuring transportation services from STL, and shared services with the STA Group including employee services, office space services and IT services.

We will enter into connected transactions in accordance with the following principles:

- we will comply with our Company's policies, the SEC Act and the Connected Transactions Regulations. Such connected transactions shall not amount to a transfer of benefits between our Company and Shareholders, but shall be in the best interests of our Company and Shareholders;
- if transactions are entered into in the normal course of business or for the support of the normal business of our Company and are expected to be regularly recurring in the future, our Company will comply with the relevant requirements and guidelines with respect to transactions with general commercial terms. Pricing and conditions of the transactions shall be appropriate, fair, reasonable and transparent. The transactions shall be entered into based on the principles for transactions with general commercial terms that have already been approved by our Board of Directors. For this purpose, the management shall prepare reports summarising details of such transactions to be submitted to the quarterly meetings of the Audit Committee in preparation for the annual registration statement (Form 56-1); and
- disclosures on connected transactions shall be in accordance with the Connected Transactions Regulations and accounting standards.

POTENTIAL CONFLICTS OF INTERESTS

Our Controlling Shareholder, STA, had in 2019 consolidated the manufacturing and distribution of rubber gloves business into our Group. Following the restructuring exercise, STA as the world's leading natural rubber company continues to produce a full range of natural rubber products from technically specified rubber and smoked sheet rubber to concentrated latex. However, STA currently still assists to distribute a small volume of gloves for our Group, mainly in Ukraine and Vietnam as our distributor in Ukraine does not currently have the necessary distribution licence and in respect of Vietnam, we have yet to establish a subsidiary company to sell gloves in Vietnam.

In respect of Ukraine, our Company is working with the distributor for the distributor to obtain the necessary distribution licence. In respect of Vietnam, as mentioned in “*Details of Connected Transactions*”, our Company will establish a subsidiary company to sell rubber gloves in Vietnam, if our Company sells more than 10.0 million pieces of rubber gloves in Vietnam for a period of not less than three consecutive months, or if STA and our Company consider it appropriate (whichever occurs first).

The transactions mentioned above are undertaken based on prices comparable to market prices and reflective of general commercial terms and other than as relates to such distribution of gloves for our Group, STA does not manufacture or distribute rubber gloves.

Save for the above and except for personal investments in quoted securities (in each case representing a shareholding interest of less than 5.0% in the relevant entity), none of our Directors, our controlling Shareholders, being STA and STH, or their respective associates has any interest in any entity carrying on the same business or dealing in similar products as our Group.

TAXATION

The following discussion is limited to a general description of certain tax consequences in the jurisdictions described below with respect to ownership of our Shares, based on laws, regulations, guidelines, rulings and decisions in effect as at the Latest Practicable Date. Such laws, regulations, guidelines, rulings and decisions are subject to change, and any change could be retrospective. Such laws, regulations, guidelines, rulings and decisions are also subject to interpretation and the relevant tax authorities or courts could later disagree with the explanations or conclusions set out herein. The discussion below does not purport to be comprehensive or exhaustive, and does not constitute legal or tax advice.

Prospective investors should consult their own professional advisers regarding the tax consequences of purchasing, owning and disposing of our Shares. Neither our Company, our Directors nor any other person involved in the Introduction accepts responsibility for any tax effects or liabilities resulting from the purchase, ownership or disposition of our Shares.

THAI TAXATION

This summary contains a description of the principal Thai income tax consequences of the purchase, ownership and disposition of ordinary shares by an individual or corporate investor who is not resident in Thailand for tax purposes (referred to herein as “**non-resident individual holders**” and “**non-resident corporate holders**”, respectively, and together as “**non-resident holders**”).

In general, the registered owner of ordinary shares will be treated as the owner of such ordinary shares for Thai tax purposes. In the case of ordinary shares that settle through the TSD’s scripless system, the holder whose name appears on the list of owners with respect to the ordinary shares maintained by each TSD-member broker, sub-broker, or custodian will be treated as the owner for Thai tax purposes.

Taxation of Dividends

Dividends in respect of ordinary shares are generally subject to Thai withholding tax at a rate of 10.0%, whether paid to non-resident corporate investors or to non-resident individual investors.

However, the Thai withholding tax on the dividends paid by a BOI company can be exempt if the dividends are made out of the corporate income tax-exempted BOI profits during the corporate income tax exemption period and/or within six months after the end of corporate tax exemption period.

Taxation of Capital Gains

A non-resident corporate holder will be subject to a withholding tax of 15.0% on gains realised on any sale or other disposition of ordinary shares, which payment is made from or within Thailand unless such holder is entitled to an exemption under an applicable tax treaty. If applicable, the tax so-withheld is a final tax in Thailand.

Gains realised by a non-resident individual holder from the sale or other disposition of ordinary shares of a company incorporated under the laws of Thailand are regarded as Thai-sourced income. Unless such holder is entitled to an exemption under an applicable tax treaty, such gains may be subject to a personal income tax at the progressive rates between 5.0% and 35.0% and the withholding tax of 15.0%. The tax so-withheld is creditable against the Thai personal income tax.

In the foregoing cases, where withholding tax applies, the purchaser of such ordinary shares or broker, as a case maybe, is required under Thai law to withhold the applicable amount of Thai withholding tax on the capital gain and remit it to the relevant Thai tax authority.

Personal Income Tax

NON-RESIDENT INDIVIDUAL HOLDERS MAY BE REQUIRED TO FILE A THAI PERSONAL INCOME TAX RETURN.

Non-resident individual holders earning Thai-sourced incomes, including any cash dividends and other distributions paid by us and any gains on sale or other dispositions of the ordinary shares of a company incorporated under the laws of Thailand may be required to file his or her Thai personal income tax return to the Thai Revenue Department if his or her annualised assessable incomes exceed the minimum threshold. Tax withheld by us in respect of such dividends and other distributions, and by purchasers in respect of any such gains, may be credited against any Thai personal income tax payable at year end by such non-resident individual holders, who may be entitled to a refund or may be liable to additional taxes with respect to such taxes withheld.

Tax Treaties

Each non-resident holder should inquire for himself or herself whether he or she is entitled to the benefit of a tax treaty between Thailand and his or her resident country. Where an applicable tax treaty so provides, taxable gain on the sale or other disposition of ordinary shares may be exempt from or subject to reduced Thai withholding tax. To date, Thailand has tax treaties for the avoidance of double taxation with the following countries: Armenia, Australia, Austria, Bahrain, Bangladesh, Belarus, Belgium, Republic of Bulgaria, Cambodia, Canada, Chile, China, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Republic of Korea, Kuwait, Laos, Luxembourg, Malaysia, Republic of Mauritius, Myanmar, Nepal, Taiwan, Tajikistan, the Netherlands, New Zealand, Norway, Oman, Pakistan, the Philippines, Poland, Romania, Russia, Seychelles, Singapore, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Republic of Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, Uzbekistan and Vietnam.

Stamp Duty

Generally, a stamp duty of Baht 1 per every Baht 1,000 (or a fraction thereof) of the greater of the paid-up value of shares and the total purchase price of the shares is payable within 15 days from the date of execution of a share transfer instrument, or within 30 days from the date the share transfer instrument is brought into Thailand if executed outside Thailand.

The stamp duty is exempt on a transfer of ordinary shares listed on the SET where the TSD acts as registrar.

SINGAPORE TAXATION

Corporate Income Tax

Corporate taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore and foreign-source income received or deemed to be received in Singapore from outside Singapore, unless specifically exempted from tax.

The prevailing corporate income tax rate in Singapore is 17.0%.

With effect from Year of Assessment (“YA”) 2020, the first S\$200,000 of a company’s normal chargeable income is exempt from tax as follows:

- (a) 75.0% of up to the first S\$10,000 of chargeable income; and
- (b) 50.0% of up to the next S\$190,000 of chargeable income.

Notwithstanding the above, for qualifying private companies, 75.0% of the first S\$100,000 of normal chargeable income and 50.0% of the next S\$100,000 of normal chargeable income is exempted from tax, subject to meeting the relevant conditions.

The remaining chargeable income (after deducting the applicable tax exemption on the first S\$200,000 of chargeable income) will be taxed at the prevailing corporate tax rate, currently at 17.0%.

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore. "Control and management" is the making of decisions on strategic matters, such as those on company policy and strategy.

Presently, tax exemption will be granted to a Singapore tax resident corporate taxpayer on its foreign-sourced dividends, foreign branch profits and foreign-sourced service income ("**specified foreign income**") received or deemed to be received in Singapore, subject to meeting the following qualifying conditions:

- (a) the specified foreign income has been subject to income tax in the foreign jurisdiction from which the income is received;
- (b) at the time the specified foreign income is received in Singapore, the headline tax rate (i.e. highest corporate income tax rate) of the foreign jurisdiction from which the income is received is at least 15.0%; and
- (c) the Comptroller of Income Tax (the "**Comptroller**") is satisfied that the tax exemption would be beneficial to the Singapore tax resident corporate taxpayer.

Pursuant to a tax concession granted with effect from 30 July 2004, the above foreign-source income exemption has been extended to include specified foreign income which is exempted from income tax in the foreign jurisdiction as a result of a tax incentive granted by that foreign jurisdiction for carrying out substantive business activities in that foreign jurisdiction.

If foreign-source income is subject to tax in Singapore and does not qualify for tax exemption, a Singapore tax resident corporate taxpayer is entitled to claim foreign tax credit ("**FTC**") for the foreign tax paid on such foreign income, subject to meeting the relevant conditions. The amount of foreign tax credit available to a Singapore tax resident corporate taxpayer is based on the lower of:

- (a) the Singapore tax payable on the particular source of income which qualifies for foreign tax credit; or
- (b) the actual foreign tax suffered on the same income.

Under the FTC pooling system, Singapore tax resident companies may elect to claim FTC on a pooled basis on any items of its foreign-sourced income, rather than the usual source-by-source and country-by-country basis, subject to meeting the relevant conditions as follows:

- (a) income tax must have been paid on the income in the foreign jurisdiction from which the income is derived;
- (b) at the time the foreign-sourced income is received in Singapore, the headline tax rate of that foreign jurisdiction from which the income is received is at least 15.0%;
- (c) there must be Singapore income tax payable on the foreign-sourced income; and
- (d) the taxpayer is entitled to claim foreign tax credits under sections 50, 50A or 50B of the Singapore Income Tax Act (the "**SITA**") on its foreign-sourced income.

The amount of foreign tax credit to be granted under the FTC pooling system is based on the lower of the total Singapore tax payable on the pooled foreign income and the pooled foreign taxes paid on those income.

Individual Income Tax

An individual taxpayer (both tax resident and non-tax resident of Singapore) is subject to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received in Singapore by an individual taxpayer is generally exempt from income tax in Singapore, except for such income received through a partnership in Singapore by Singapore tax resident individuals.

An individual is regarded as a tax resident in Singapore in a YA if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

A Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0.0% to 22.0%, after deductions of qualifying personal reliefs where applicable.

A non-Singapore tax resident individual is generally taxed at the rate of 22.0% except that Singapore-sourced employment income which is taxed at either a flat rate of 15.0% (without deductions for personal relief), or at the progressive rates as a tax resident (with deductions for personal relief), whichever yields a higher tax.

Dividend Distributions

Singapore does not impose withholding tax on dividend payment.

As our Company is incorporated in Thailand and should not be tax resident in Singapore, dividends paid by our Company would be considered as foreign-sourced income.

Dividends paid by our Company will be exempt from Singapore income tax when received by an individual investor regardless of whether the individual investor is resident or non-resident of Singapore, except for such income received through a partnership in Singapore by Singapore tax resident individual investors.

Dividends paid by our Company and received in Singapore by a Singapore corporate investor will be subject to Singapore income tax unless an exemption applies to the foreign-sourced dividend income received in Singapore.

Shareholders/investors are advised to consult their own tax advisors in respect of the tax laws of their respective countries of residence which are applicable on such dividends received by them and the applicability of any double taxation agreement.

Bonus shares

Under current Singapore income tax law and practice, a capitalisation of profits followed by the issue of new shares, credited as fully paid, pro rata to shareholders ("**bonus issue**") does not represent a distribution of dividends by a company to its shareholders. Therefore, a Singapore resident shareholder receiving shares by way of a bonus issue should not have a liability to Singapore income tax.

When a dividend is to be satisfied wholly or in part in the form of an allotment of ordinary shares credited as fully paid, the dividend declared will be treated as income to its shareholders. Similarly, when shareholders are given the right to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash, the allotment of ordinary shares will be treated as dividend income to its shareholders.

Capital Gains Tax

Singapore currently does not impose tax on capital gains. Any gains from the disposal of our Shares, if regarded as capital gains, are not taxable in Singapore.

There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains from the disposal of our Shares are taxable in Singapore if the seller is regarded as having derived gains of an income nature in Singapore. Gains arising from the disposal of our Shares which are derived from any trade, business, vocation or profession carried on by that person, if accruing in or derived from Singapore, are taxable as such gains are considered revenue in nature. Gains derived from the disposal of our Shares may also be taxable if they constitute any gains or profits of an income nature under section 10(1)(g) of the SITA.

Section 13Z of the SITA provides a safe harbour in the form of an exemption of gains or profits arising from the disposal of ordinary shares for disposals made up to 31 December 2027. To qualify for the tax exemption, the divesting company must have legally and beneficially held at least 20.0% of the ordinary shares of the company whose shares are being disposed ("**investee company**") for a continuous period of at least 24 months immediately prior to the date of disposal such shares.

The abovementioned "safe harbour rule" is not applicable under the following scenarios:

- the disposal of shares during the period from 1 June 2012 to 31 May 2022 of an unlisted investee company which is in the business of trading or holding Singapore immovable properties (other than the business of property development);
- the disposals of shares from 1 June 2022 of an unlisted investee company which is in the business of trading, holding or developing immovable properties in Singapore or abroad, subject to certain exceptions;
- the disposal of shares by a divesting company in the insurance business industry (as referred to under section 26 of the SITA); and
- the disposal of shares by a partnership, limited partnership or limited liability partnership where one or more of the partners is a company or are companies.

Shareholders who have adopted or are required to adopt Financial Reporting Standard 109 *Financial Instruments* ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 *Financial Instruments* ("**SFRS(I) 9**") (as the case may be) for financial reporting purposes may for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses that are capital in nature) on our Shares, irrespective of whether there is actual disposal. If so, the gains or losses so recognised may be taxed or allowed as a deduction even though they are unrealised.

Shareholders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their ownership and disposal of our Shares.

Stamp Duty

There is no stamp duty payable on the subscription for, allotment or holding of our Shares.

Given that our Shares are maintained in a share registry in Singapore, where our Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of our Shares at the rate of 0.2%, computed on the consideration paid for or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable upon transfer of our Shares if no dutiable document is executed or the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the dutiable document which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by CDP, if such transfers are not pursuant to an instrument of transfer entered into.

Estate Duty

Singapore estate duty had been abolished with effect from 15 February 2008.

GST

The sale of our Shares by a GST-registered investor belonging in Singapore through an SGX-ST member to another person belonging in Singapore is an exempt supply, which is not subject to GST. Any input GST incurred by the GST-registered investor in connection with the making of such an exempt supply is generally not recoverable from the Comptroller of GST and will become an additional cost to the investor unless the investor satisfies certain conditions prescribed under the GST legislation or by the Comptroller of GST.

Where our Shares are sold by a GST-registered investor to a person who belongs outside Singapore, and for the direct benefit of either a person belonging outside Singapore (and that person is outside Singapore at the time of supply) or a GST-registered person who belongs in Singapore, the sale is a taxable supply subject to GST at zero-rate (i.e. GST at 0.0%). Any input GST incurred by the GST-registered investor in the making of such a zero-rated supply, subject to the provisions of the GST legislation, may be recovered from the Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the prevailing standard rate of 7.0%. Similar services contractually rendered by a GST-registered person to an investor belonging outside Singapore, and for the direct benefit of either a person belonging outside Singapore (and that person is outside Singapore at the time of supply) or a GST-registered person who belongs in Singapore should generally be subject to GST at zero-rate.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of our Shares.

CLEARANCE AND SETTLEMENT

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of our Shares. For the purpose of trading on the SGX-ST, a board lot of our Shares will comprise 100 Shares.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

TRADING, SETTLEMENT AND REGISTRATION OF SHARES

Upon listing and quotation on the SGX-ST, our Shares will be traded on the SET and the SGX-ST. The principal register of Shareholders will be maintained in Thailand.

The transfers of our Shares between the SET and the SGX-ST will be carried out on a scripless basis. The procedures for the transfers into the CDP system to facilitate trading on the SGX-ST and the transfers out of the CDP system to facilitate trading on the SET are set out in the following paragraphs.

CLEARANCE AND SETTLEMENT ON THE SGX-ST

Upon listing and quotation on the SGX-ST, Shares that are traded on the SGX-ST will be cleared and settled under the book-entry settlement system of CDP, and all dealings in and transactions of the Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time.

The Shares that are traded on the SGX-ST will be scripless shares held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Under Thai law, CDP or its nominees will be regarded as our Shareholders in respect of the Shares registered in their respective names. See “*Clearance and Settlement – Voting Instructions*” for more information about how investors who hold Shares through CDP are treated under Thai law. All Shares deposited with CDP, for purposes of determining our foreign shareholding levels, will be regarded as being held by CDP, a non-Thai entity.

CLEARING FEES

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealings in the Shares will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the second Market Day following the transaction date and payment for the securities between member companies of the SGX-ST and CDP Depositors is generally settled on the following business day. CDP holds securities on behalf of CDP Depositors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any Depository Agent. A Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

VOTING INSTRUCTIONS

Investors who trade Shares listed on the SGX-ST would hold their Shares through the CDP system. Investors holding Shares through the CDP system may only exercise the voting rights for the deposited Shares through the CDP system and in accordance with the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time.

Pursuant to Thai law, CDP will be the only holder on record of the Shares held by the investors through CDP and, accordingly, the only person or entity recognised as a Shareholder and legally entitled to vote on any matter to be submitted to the vote of our Shareholders at a general meeting of Shareholders. The investors of any Shares held through the CDP system will not be able to attend such shareholders' meeting in their own names. CDP does not qualify as a custodian in Thailand. CDP has appointed a Thai custodian to safekeep all the shares held by CDP. Such Thai custodian will act as CDP's proxy during a general meeting of Shareholders and CDP will instruct such Thai custodian to split its votes in accordance with the instructions that CDP receives from investors holding Shares through CDP. The operation of a CDP Securities Account is subject to the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities as amended from time to time. For additional information regarding the voting rights of our Shareholders, see *"Description of Share Capital – Summary of Selected Provisions of our Articles of Association – Voting Rights"*.

Our Company, through our Singapore Share Transfer Agent, will send notices of shareholders' meetings and voting instruction forms to CDP Depositors by post. CDP Depositors must complete and return such voting instruction forms to CDP by the relevant deadline in order for their votes to be cast by the Thai custodian in accordance with such instructions.

Investors who desire to attend shareholders' meetings and exercise their voting rights under their names with regard to Shares beneficially owned by them will be required to transfer their Shares out of the CDP system and have the share transfer registered in the share register book.

TRANSFER OF SHARES INTO CDP IN SINGAPORE FOR TRADING ON THE SGX-ST

Transfers of Shares for trading on the SGX-ST will only be carried out on a scripless basis. Shareholders whose Shares are not held through CDP and who wish to trade their Shares on the SGX-ST must first arrange to transfer their Shares into their own Singapore Securities Account with CDP. Such Singapore Securities Account can be held by the Shareholder either directly with CDP or indirectly through depository agents in Singapore.

The following sets out the procedure for effecting such transfer of Shares:

- The Shareholder shall contact his Thai broker in order to transfer his Shares to CDP's account opened with the Thai custodian.

Where the Shares that will be transferred are local Shares ("**L Shares**"), the Thai broker shall check that the foreign shareholding limit has not been breached before the Shareholder can transfer his Shares to CDP. If the transfer will not result in breach of the foreign shareholding limit, the L Shares will be converted into foreign Shares ("**F Shares**") prior to depositing such Shares into CDP's account opened with the Thai Custodian. If the transfer would result in breach of the foreign shareholding limit, the transfer will not be processed.

- The Shareholder shall contact CDP or his Singapore broker in the following manner:
 - (a) where the Shareholder holds a direct Securities Account with CDP, the Shareholder shall complete a “Request for Cross-Border Securities Transfer (Others)” form as prescribed by CDP, and submit the completed form together with the relevant payment to CDP directly or via his Singapore broker; or
 - (b) where the Shareholder holds a securities sub-account with a Singapore broker, the Singapore broker shall complete and deliver the “Request for Cross-Border Securities Transfer (Others)” form to CDP.

Barring unforeseen circumstances, CDP will normally credit the Shareholders’ Singapore Securities Account within one to two business days from the time CDP and the Thai broker receive such transfer request.

DEALING OF SHARES ON THE SGX-ST

Settlement of dealings through the CDP system may be effected only by depository agents or Shareholders who have their own direct Securities Accounts with CDP, and shall be made in accordance with the terms and conditions for the operation of Securities Accounts with CDP, and the terms and conditions for CDP to act as depository for foreign securities, as amended from time to time. All direct Securities Account holders must deal directly with member companies of the SGX-ST. Shareholders without direct Securities Accounts with CDP are advised to deal with brokers that maintain sub-accounts with depository agents.

Dealings in, and transactions of, Shares on the SGX-ST will be due for settlement on the second Market Day following the date of transaction (T+2). In addition, Shareholders should ensure that the Shares to be dealt in and traded on the SGX-ST are credited to their own direct Securities Account with CDP or their brokers’ sub-account with a depository agent before dealing in the Shares.

REMOVAL OF SHARES OUT OF CDP IN SINGAPORE FOR TRADING ON THE SET

Transfers of Shares for trading on the SET will only be carried out on a scripless basis. A Shareholder whose Shares are held through CDP and wishes to trade his Shares on the SET must first arrange to transfer his Shares into his Securities Account opened with his Thai broker. The following sets out the procedure for effecting such transfer of Shares:

- The Shareholder shall contact his Singapore broker or CDP in the following manner:
 - (a) where the Shareholder holds a direct Securities Account with CDP, the Shareholder shall complete a “Request for Cross-Border Securities Transfer (Others)” form as prescribed by CDP and submit the completed form together with the relevant supporting documents and fees to CDP directly or via his Singapore broker; or
 - (b) where the Shareholder holds a securities sub-account with a Singapore broker, the Singapore broker shall complete and deliver the “Request for Cross-Border Securities Transfer (Others)” form and supporting documents to CDP.
- The Shareholder shall contact his Thai broker in order to prepare the Thai broker for receiving Shares from CDP’s account opened with its custodian.

Barring unforeseen circumstances, the transfer of the Shares from CDP into the Shareholder’s securities account opened with his Thai broker would normally be completed within one to two business days from the time CDP and the Thai broker receive such transfer request.

DEALING OF SHARES ON THE SET

General

All settlement and clearance of transactions effected on the SET must be handled by the Thailand Clearing House Co., Ltd (“TCH”) on the second business day following the day of the contract date. The TCH offsets sales and purchases of each member and only the net balance of securities and cash delivered or received by the member through the TCH is credited.

Shares in Certificated Form

As between sellers and their brokers, sellers must deliver the relevant share certificates duly endorsed to their brokers by no later than midday on the next business day following the date of the contract subject to the internal regulation of the brokers. The respective brokers for the seller and buyer receive the payment or, as the case may be, the securities certificates on or before the second business day after the contract date. On or before the third business day after the contract date, the broker for the seller must deliver the duly endorsed securities certificates to or for the order of the buyer. Delivery is made in the form of certificate(s) or certificate receipt(s). The latter is an acknowledgment by the registrar for the shares in question that the shares are in the course of registration and must be exchanged for share certificates before the new owner can have them registered in his name.

Shares in Scripless Form

In July 1992, the SET introduced regulations to facilitate the establishment of a scripless trading system. Under this scripless system, a member broker, sub-broker or local custodian may deposit certificates in respect of securities with the TSD as a TSD depositor. Any person becoming a TSD depositor is required to open at least one account with the TSD for the deposit, withdrawal or transfer of securities. After the TSD has accepted a deposit of securities, it will hold such securities on behalf of its depositors or its depositors’ clients. In addition, each TSD depositor is obliged to maintain a list of owners of the securities deposited with it for establishing ownership rights to the securities and any other shareholder rights. Sales and purchases of securities are settled by off-setting the relevant securities deposit accounts via computers and at the end of each trading day the TSD delivers a statement showing the balance of securities held for each depositor.

Transfer of Shares

Transfers of listed shares, whether effected on or off the SET are governed by the PLCA, and the SEC Act. Under the PLCA, and the SEC Act, a transfer of listed shares in certificated form is valid as between the transferor and the transferee by an endorsement on the back of a share certificate representing the shares transferred, execution by the transferor and the transferee, and the delivery of the endorsed certificate to the transferee or his broker. To be valid as against the company, a request for an entry of the transfer into a share register must be received by the TSD; and to be valid against a third party, the entry of the transfer must actually be made into the share register.

Under the SEC Act, transfers of scripless shares are made by way of appropriate instruction to the relevant brokers, sub-brokers or custodians with whom the transferor and the transferee involved maintain securities accounts in accordance with individual arrangements with such brokers, sub-brokers or custodians. Upon receipt of such instructions, the relevant brokers, sub-brokers or custodians will, in accordance with such arrangements, effect the relevant changes in the list of owners of the securities they are required to maintain for rights and entitlement purposes.

Share Transfer Registration

A public listed company (or TSD if acting as its registrar) must record in the share register the transfer of certificated shares within 14 days from the date of receipt of a written request for an entry of the transfer. The registration of the change of ownership is effected at the same time as the registration by the company (or the TSD if acting as its registrar) is made. If the transferee requires a new share certificate, the company (or TSD if acting as its registrar) must issue a new share certificate to the transferee within one month from the date of receipt of such request, duly signed by the transferee (with at least one witness signing in attestation to the transferee's signature), and the previous share certificate or other relevant evidence properly returned by the transferee to the company (or, as the case may be, the TSD). The company must then record the transfer in the share register within seven days of a receipt of a written request for an entry of transfer.

LIMITATION ON FOREIGN OWNERSHIP OF SHARES

Our Articles of Association limits “non-Thai” ownership of our Shares to a total of 49.0% of our issued and outstanding Shares. As of the Latest Practicable Date, non-Thai persons do not hold more than 49.0% of our issued Shares. If a non-Thai person acquires Shares which results in the aggregate percentage of Shares owned by non-Thai persons exceeding 49.0% of our issued Shares, our Articles of Association provide for the registrar to refuse to register the ownership of such Shares.

The SET has in place a system to monitor that the foreign ownership restrictions of Thai listed companies are complied with on a continuing basis through the trading of shares on the SET. Under the SET, our Shares are traded as L Shares and F Shares. During trading, an investor is able to identify whether a L Share or a F Share is being purchased or sold. Local investors and foreign investors may hold both L or F Shares. However, when the Company closes our register of Shareholders, if a foreign Shareholder is holding L Shares, and there are currently already 49.0% of the issued shares registered to non-Thai shareholders, the registrar will not register the ownership of such shares to that foreign Shareholder.

If the foreign Shareholder does not cease to own these L Shares, such foreign Shareholder may (a) continue to hold the L Shares; (b) sell such L Shares on the SET; (c) subsequently convert the L Shares to F Shares (assuming that post-conversion, less than 49.0% of our issued Shares are held by foreign shareholders); or (d) convert the L Shares into NVDRs (as defined below). The foreign Shareholders may apply to convert the L Shares into F Shares. Such share conversion will be placed on a list by the registrar and once there is availability for such conversion without breaching the foreign ownership restrictions, the registrar will register the ownership of the Shares in the name of the foreign Shareholder. As a non-registered Shareholder, the foreign holder of L Shares will not be permitted to exercise certain rights of Shareholders, such as the ability to attend or vote at general meetings or be eligible to receive dividends.

Our Shares to be traded on the SGX-ST will be held by CDP (through a Thai custodian of CDP) and accordingly will be registered by the registrar as non-Thai Shares and CDP Depositors will not face the risk of non-registration as described above. CDP Depositors would trade such Shares on the SGX-ST on a scripless basis without any requirement for further registration by the registrar.

A Shareholder whose Shares are held through CDP who wishes to trade his Shares on the SET should follow the procedures listed in the section “– *Removal of Shares out of CDP in Singapore for Trading on the SET*” and such Shares will then be traded on the SET as F Shares and settlement and clearance of trades will be done in accordance with the procedures in “– *Dealing of Shares on the SET*”.

A Shareholder whose Shares are not held through CDP and who wish to trade their Shares on the SGX-ST should follow the procedures listed in the section “– *Transfer of Shares into CDP in Singapore for Trading on the SGX-ST*”, and such transfer will only be processed where post-transfer, less than 49.0% of our issued Shares are held by foreign Shareholders.

Non-Voting Depositary Receipts

Non-Thai persons may also acquire an interest similar to our Shares, called non-voting depositary receipts or “NVDRs”. The NVDRs are instruments issued by Thai NVDR Co., Ltd., a wholly owned subsidiary of the SET, to facilitate non-Thai persons trading Thai shares. By investing in NVDRs, investors will receive the same financial benefits (i.e., dividends, right issues or warrants) as those who invest directly in underlying shares. The only difference between investing in NVDRs and underlying shares is in regard to voting. Unlike Shareholders, NVDR holders will not be entitled to vote nor involved in decision-making of our Company.

Our Company's NVDRs are listed and traded on the SET, and the trading of NVDRs will be similar to trading other securities on the SET. Our Shares held through CDP would not be NVDRs. Our Shares to be traded on the SGX-ST will be held by CDP and will not be NVDRs.

GENERAL AND STATUTORY INFORMATION

RESPONSIBILITY STATEMENT

1. The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Introductory Document and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this Introductory Document constitutes full and true disclosure of all material facts about the Introduction, our Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Introductory Document misleading. Where information in this Introductory Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Introductory Document in its proper form and context.
2. The Issue Manager, DBS Bank Ltd., confirms that to the best of its knowledge and belief, this Introductory Document constitutes full and true disclosure of all material facts about the Introduction, our Company and its subsidiaries, and the Issue Manager is not aware of any facts the omission of which would make any statement in this Introductory Document misleading.

MATERIAL BACKGROUND INFORMATION

3. Except as disclosed below, at the date of this Introductory Document, none of our Directors, Executive Officers and controlling Shareholders, being STA and STH has:
 - (a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner at the time when he or she was a partner or at any time within two years after the date he or she ceased to be a partner;
 - (b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive of that entity or at any time within two years after the date he or she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) any unsatisfied judgment against him or her;
 - (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such purpose;
 - (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach;
 - (f) at any time during the last 10 years, had judgment entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

or a finding of fraud, misrepresentation or dishonesty on his or her part, nor has he or she been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part;

- (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;
- (j) ever, to his or her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,in connection with any matter occurring or arising during the period when he or she was so concerned with the entity or business trust; or
- (k) been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

Allegations of Public Fraud in Mukdaharn Province in Thailand

In May 2017, four individuals (the “**Complainants**”) filed a criminal case before the Mukdaharn Provincial Court (the “**Court**”) against Mrs. Nittaya Wannasirkulwong (“**First Defendant**”) and 10 other defendants (together, the “**Defendants**”), including our substantial shareholders STA and RBL, and Mr. Chaiyos Sincharoenkul. Other than RBL, which is a subsidiary of STA, and Mr. Chaiyos Sincharoenkul, a director of STA, our Controlling Shareholder, STA, is not related to any of the other Defendants.

The Complainants alleged that the First Defendant, a third party supplier of rubber to STA and RBL, had committed public fraud and breached Sections 341 and 342 of the Criminal Code of Thailand by inducing the Complainants to sell rubber to STA and RBL under the First Defendant's account to get an alleged marked up price given by STA and RBL and the Complainants claimed that they did not then receive monies from the First Defendant in respect of such rubber sales. The

Complainants have also alleged that the other Defendants jointly committed the public fraud with the First Defendant. The penalty under the Criminal Code of Thailand is imprisonment of up to five years or a fine of up to THB 100,000 (or both).

STA and RBL submitted a defence that these allegations were false and no crime had been committed by STA and RBL or jointly with the First Defendant. The Court had a preliminary hearing and dismissed the Complainant's claims in December 2018 on the basis that there was no basis for such charges and that as the Complainants were also involved in the crime committed by the First Defendant, they were not entitled to establish the criminal case before the Court.

The Complainants then filed an appeal to the Regional Appeal Court (the "**Court of Appeal**") in July 2019. The Defendants, including STA and RBL, filed an objection in September 2019, however the Court of Appeal concluded in February 2020 to accept the case on the basis of minor unsettled legal issues that did not relate to STA or RBL. The Court of Appeal held that at the preliminary stage, the facts of the case were not sufficient to decide whether the Complainants were involved in the crime committed by the First Defendant, and thus, they could establish their case before the Court. Consequently, the Court of Appeal ordered the Court to accept the case and adjudicate this issue further.

Due to the COVID-19 pandemic, it is currently anticipated that the hearing may only occur in late 2021 and the proceedings may only conclude in late 2022.

STA and RBL have sought legal advice in relation to this matter and their counsel is of the view that it is unlikely that STA or RBL would be found guilty as there is evidence to prove that STA and RBL were not involved in these alleged criminal offences. In any event, as STA and RBL are not natural persons, under the Criminal Code of Thailand, the maximum penalty would only relate to the THB 100,000 fine, which would not be material from the perspective of STA or RBL.

After the Court's judgment in December 2018, STA and RBL then also constituted a criminal counter-charge against the Complainants for making false allegations to the Court. After preliminary examination of the evidence submitted by STA and RBL, the Court has accepted the criminal counter charge, however, the matter is pending the outcome of the final judgment in relation to the Complainants' appeal discussed above.

RELATIONSHIP WITH THE ISSUE MANAGER

4. The Issue Manager and its respective affiliates is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Issue Manager and its affiliates have, from time to time, performed and may in the future perform various financial advisory and investment banking services for our Company, and our affiliates for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the Issue Manager and its affiliates (or any of them) may make, issue or hold a broad array of investments and enter into secondary market transactions or actively trade debt and equity securities (including but not limited to equity derivatives, warrants and other structured instruments) and financial instruments (including bank loans) for their own account and for the account of their customers, and such investment and securities activities may involve securities and/or instruments of our Company, or our affiliates. The Issue Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

MATERIAL CONTRACTS

5. The material contracts (not being contracts entered into in the ordinary course of business) entered into by our Company or our subsidiaries within the two years preceding the date of this Introductory Document are as follows:
 - (a) share purchase agreement dated 28 December 2020 entered into between our Company, as the purchaser, and STA, as the seller, in relation to the sale and purchase of a 99.9985% shareholding interest in PS for a consideration of THB 147.0 million;
 - (b) share purchase agreement dated 28 December 2020 entered into between our Company, as the purchaser, and STA and RBL (as the sellers) in relation to the sale and purchase of a 99.9992% shareholding interest in PSE for an aggregate consideration of approximately THB 1.1 billion;
 - (c) stock purchase agreement dated 30 September 2019 entered into between our Company, as the purchaser, and STA, as the seller, in relation to the sale and purchase of 100.0% of the shareholding interest in STU, for a consideration of US\$1.00; and
 - (d) share transfer agreement dated 5 June 2019 entered into between our Company, as the purchaser, and STA, as the seller, in relation to the sale and purchase of 100.0% of the shareholding interest in SDME, for a consideration of RMB 36.0 million.

MISCELLANEOUS

6. There has not been any public take-over offer by a third party in respect of our Shares, or by our Company in respect of the shares of another corporation or the units of a business trust, which has occurred between 1 January 2020 and the Latest Practicable Date.
7. No expert is employed on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Introduction.
8. Except as disclosed in this Introductory Document, we are not aware of any event that has occurred since 31 December 2020 and up to the Latest Practicable Date, that may have a material effect on the financial position and results of our Group.
9. Except as disclosed in “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Rubber Glove Industry and Prospects*” and barring any unforeseen circumstances, we are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our net sales or revenues, profitability, liquidity or capital resources for the current financial year, or that would cause our financial information disclosed in this Introductory Document to be not necessarily indicative of our future operating results or financial condition.

CONSENTS

10. DBS Bank Ltd., as the Issue Manager, has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of its name and all references thereto in the form and context in which they are included in this Introductory Document, and to act in such capacity in relation to this Introductory Document.

11. EY Office Limited, as the Independent Auditor, has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of its name and all references thereto and the “Independent Auditor’s Report and Audited Consolidated Financial Statements of Sri Trang Gloves (Thailand) Public Company Limited and its Subsidiaries as at and for the Years Ended 31 December 2018, 2019 and 2020”, as set out in Appendix A and the “Independent Auditor’s Report and Unaudited Pro Forma Consolidated Financial Statements of Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries as at and for the year ended 31 December 2020” as set out in Appendix B, to this Introductory Document, in the form and context in which they are included in this Introductory Document, and to act in such capacity in relation to this Introductory Document.

LEGAL MATTERS

12. Certain legal matters in connection with this Introduction will be passed upon for our Company by WongPartnership LLP with respect to matters of Singapore law, by Weerawong, Chinnavat & Partners Ltd. with respect to matters of Thai law, and by JunHe LLP with respect to matters of PRC law.
13. Each of WongPartnership LLP, Weerawong, Chinnavat & Partners Ltd. and JunHe LLP does not make or purport to make any statement in this Introductory Document, is not aware of any statement in this Introductory Document which purports to be based on a statement made by it, and makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Introductory Document.

DOCUMENTS AVAILABLE FOR INSPECTION

14. Copies of the following documents may be inspected at Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, during normal business hours for a period of six months from the date of this Introductory Document:
- (a) our Memorandum of Association and Articles of Association;
 - (b) the material contracts referred to in “*General and Statutory Information – Material Contracts*”;
 - (c) the employment agreements entered into with our Directors referred to in “*Management and Corporate Governance – Directors and Executive Officers – Service Agreements with Directors*”;
 - (d) the Independent Auditor’s Report on the Audited Consolidated Financial Statements of our Group as at and for the years ended 31 December 2018, 2019 and 2020 as set out in Appendix A;
 - (e) the Independent Auditor’s Report on the Unaudited Pro Forma Consolidated Financial Information as at and for the year ended 31 December 2020 as set out in Appendix B; and
 - (f) the respective audited financial statements of our Company and each of our subsidiaries as at and for the years ended 31 December 2018, 2019 and 2020.

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**INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF SRI TRANG
GLOVES (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
AS AT AND FOR THE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

**Sri Trang Gloves (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2020, 2019 and 2018**

Independent Auditor's Report

To the Board of Directors of Sri Trang Gloves (Thailand) Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at 31 December 2020, 2019 and 2018 and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for each of the three years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with Thai Financial Reporting Standards, so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, 2019 and 2018, and of its consolidated financial performance, consolidated changed in equity and consolidated cash flows of the Group for each of the three years then ended.

Basis for Opinion

I conducted my audits in accordance with International Standards on Auditing ("ISAs") issued by International Auditing and Assurance Standards Board. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions in Thailand as relevant to my audits of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters – Basis of Accounting and Restrictions on Distribution and Use

I draw attention to notes to the consolidated financial statements regarding the matters as follows.

Note 2 Purpose of preparation of the financial statements

The consolidated financial statements have been prepared for the purpose of inclusion in the Introductory Document in connection with the proposed secondary listing of the ordinary shares of the Company on the Main Board of Singapore Exchange Securities Trading Limited by way of introduction. As a result, the consolidated financial statements and our report are not suitable to be used or referred to for other purposes.

Note 3 Basis of preparation of the financial statements

The management has prepared these consolidated financial statements, adopting Thai Accounting Guidance for business combinations under common control for the transactions arising as a result of the change in structure in 2019, as if Thaikong Public Company Limited had been amalgamated with Sri Trang Gloves (Thailand) Company Limited and the two subsidiaries had conducted their businesses as part of the Group since 2018 under pooling of interest method as described in Note 4 to the consolidated financial statements.

My opinion is not modified in respect of these matters.

Key Audit Matter

Key audit matter is this matter that, in my professional judgment, was of most significance in my audits of the consolidated financial statements of the current period. This matter was addressed in the context of my audits of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to this matter. Accordingly, my audits included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the consolidated financial statements. The results of my audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond for the matter are described below.

Revenue recognition

Revenue from sales of goods is significant to the consolidated financial statements. The Coronavirus disease 2019 pandemic has a direct impact on the competition in the rubber glove market and selling prices of rubber gloves. Moreover, the Group has a large number of customers under a variety of conditions. As a result, revenue from sales of goods is a significant account which directly affects the Group's operating results.

I assessed and tested the effectiveness of the Group's internal controls relating to the revenue cycle, examining supporting documents on a sampling basis for actual sale transactions occurring during the year, expanding the scope of audits near the end of the reporting period and testing sale transactions with respect to the accuracy and timing of revenue recognition. I also examined credit notes issued by the Group after the period end and performed analytical procedures on disaggregated data, including reconciliation of sales to cash receipts, to detect possible irregularities in sale transactions throughout the period, particularly accounting entries made through journal vouchers.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that audits conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of audits in accordance with ISAs, I exercise professional judgement and maintain professional skepticism throughout the audits. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audits. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that I identify during my audits.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audits of the consolidated financial statements of the current period and are therefore the key audit matter. I describe this matter in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

EY Office Limited
Bangkok: 7 May 2021

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Consolidated statements of financial position

As at 31 December 2020, 2019 and 2018

(Unit: Baht)

	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets				
Current assets				
Cash and cash equivalents	10	24,188,754,171	581,264,398	573,271,437
Trade and other receivables	11	4,906,963,718	1,611,825,443	1,922,233,784
Inventories	12	3,033,589,221	1,611,750,682	1,681,378,782
Derivative financial instruments	35.1	39,554,629	21,761,393	–
Other current assets	13	969,254,212	485,705,757	74,361,582
Total current assets		<u>33,138,115,951</u>	<u>4,312,307,673</u>	<u>4,251,245,585</u>
Non-current assets				
Fixed deposits pledged as collateral	14	–	–	25,284,400
Property, plant and equipment	15	9,521,412,815	8,562,265,443	6,038,102,219
Right-of-use assets	16	33,105,330	–	–
Intangible assets – computer software	17	99,525,831	13,160,819	6,956,528
Goodwill	4.1, 18	220,884,790	220,884,790	220,884,790
Deferred tax assets	28	104,232,530	106,920,487	103,333,072
Other non-current assets		176,132,701	557,923	5,997,252
Total non-current assets		<u>10,155,293,997</u>	<u>8,903,789,462</u>	<u>6,400,558,261</u>
Total assets		<u><u>43,293,409,948</u></u>	<u><u>13,216,097,135</u></u>	<u><u>10,651,803,846</u></u>

The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Consolidated statements of financial position (continued)

As at 31 December 2020, 2019 and 2018

(Unit: Baht)

	Note	2020	2019	2018
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	19	3,573,446,656	1,392,796,653	1,262,953,505
Short-term borrowings from financial institutions	20	–	263,847,500	491,243,569
Current portions of:				
– Long-term borrowings from financial institutions	20	774,216,364	947,490,585	499,225,965
– Finance lease liabilities	20.2	–	6,321,906	5,624,486
– Lease liabilities	16, 20	15,930,134	–	–
Income tax payable		1,360,396,664	119,168,121	90,785,867
Derivative financial instruments	35.1	45,960,950	29,388,190	2,011,770
Other current liabilities		55,305,252	13,997,181	13,741,566
Total current liabilities		5,825,256,020	2,773,010,136	2,365,586,728
Non-current liabilities				
Non-current portions of:				
– Long-term borrowings from financial institutions	20	5,525,490,314	5,845,922,511	4,248,588,750
– Finance lease liabilities	20.2	–	8,258,713	7,367,955
– Lease liabilities	16, 20	12,682,347	–	–
Derivative financial instruments	35.1	44,471,537	–	–
Deferred tax liabilities	28	68,044,138	85,341,314	146,073,486
Provision for retirement benefit obligations	21	119,969,130	101,536,976	94,815,935
Total non-current liabilities		5,770,657,466	6,041,059,514	4,496,846,126
Total liabilities		11,595,913,486	8,814,069,650	6,862,432,854

The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Consolidated statements of financial position (continued)

As at 31 December 2020, 2019 and 2018

(Unit: Baht)

	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Shareholders' equity				
Share capital	22			
Registered				
2,869,560,000 ordinary shares of Baht 0.5 each (2019: 1,434,780,000 ordinary shares of Baht 1 each, 2018: 2,000,000 ordinary shares of Baht 100 each)		1,434,780,000	1,434,780,000	200,000,000
Issued and fully paid				
2,857,560,000 ordinary shares of Baht 0.5 each (2019: 990,000,000 ordinary shares of Baht 1 each, 2018: 2,000,000 ordinary shares of Baht 100 each)		1,428,780,000	990,000,000	200,000,000
Premium on ordinary shares	22	14,243,224,859	—	—
Share-based payment reserve	23	8,153,441	—	—
Surplus from the amalgamation	4.1	483,694,988	483,694,988	—
Deficit from business combination under common control	4.2	(143,211,674)	(143,211,674)	—
Retained earnings				
Appropriated – statutory reserve	24	143,478,000	64,769,469	24,449,469
Unappropriated		15,239,044,923	2,664,104,733	1,843,636,181

The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Consolidated statements of financial position (continued)

As at 31 December 2020, 2019 and 2018

(Unit: Baht)

	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Other components of shareholders' equity				
Surplus on revaluation of assets – net of income tax		328,349,582	344,973,640	362,820,794
Exchange differences on translation of financial statements in foreign currency		1,559,573	(2,303,671)	–
Cash flow hedge reserve – net of income tax		(35,577,230)	–	–
Equity attributable to owners of the Company		31,697,496,462	4,402,027,485	2,430,906,444
Former shareholders before the restructuring	4.1, 4.2	–	–	1,358,464,548
Total shareholders' equity		<u>31,697,496,462</u>	<u>4,402,027,485</u>	<u>3,789,370,992</u>
Total liabilities and shareholders' equity		<u>43,293,409,948</u>	<u>13,216,097,135</u>	<u>10,651,803,846</u>

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Directors

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The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Consolidated statements of comprehensive income

For the years ended 31 December 2020, 2019 and 2018

(Unit: Baht)

	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Profit or loss:				
Revenues from sales of goods		30,405,119,838	11,994,145,114	10,988,597,580
Cost of sales		(13,602,326,084)	(10,555,480,997)	(9,179,695,755)
Gross profit		16,802,793,754	1,438,664,117	1,808,901,825
Other income	25	248,115,939	140,250,075	97,651,637
Selling and distribution expenses		(605,256,955)	(410,960,498)	(257,157,933)
Administrative expenses		(495,081,983)	(314,439,459)	(292,446,172)
Gain on exchange rates		161,316,560	48,016,654	51,946,688
Other gain (loss)	26	(62,438,899)	5,299,487	(61,733,027)
Profit from operating activities		16,049,448,416	906,830,376	1,347,163,018
Finance income		39,175,298	5,292,569	1,928,452
Finance cost		(142,151,870)	(194,266,073)	(161,661,501)
Profit before income tax		15,946,471,844	717,856,872	1,187,429,969
Income tax	28	(1,545,602,891)	(103,949,377)	(205,849,952)
Profit for the year		<u>14,400,868,953</u>	<u>613,907,495</u>	<u>981,580,017</u>

The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Consolidated statements of comprehensive income (continued)

For the years ended 31 December 2020, 2019 and 2018

(Unit: Baht)

	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency		3,863,244	(4,682,682)	(5,317,845)
Loss on cash flow hedges – net of income tax		(7,072,137)	–	–
Other comprehensive income to be reclassified to profit or loss in subsequent periods – net of income tax		(3,208,893)	(4,682,682)	(5,317,845)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain (loss) – net of income tax		(6,565,947)	1,504,511	(452,411)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods – net of income tax		(6,565,947)	1,504,511	(452,411)
Other comprehensive income for the year		(9,774,840)	(3,178,171)	(5,770,256)
Total comprehensive income for the year		<u>14,391,094,113</u>	<u>610,729,324</u>	<u>975,809,761</u>

The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Consolidated statements of comprehensive income (continued)

For the years ended 31 December 2020, 2019 and 2018

(Unit: Baht)

	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Profit (loss) attributable to:				
Owners of the Company		14,400,868,953	634,295,523	1,053,074,506
Former shareholders before the restructuring		–	(20,388,028)	(71,494,489)
		<u>14,400,868,953</u>	<u>613,907,495</u>	<u>981,580,017</u>
Total comprehensive income attributable to:				
Owners of the Company		14,391,094,113	631,635,232	1,052,622,095
Former shareholders before the restructuring		–	(20,905,908)	(76,812,334)
		<u>14,391,094,113</u>	<u>610,729,324</u>	<u>975,809,761</u>
Earnings per share	30			
Basic earnings per share				
Profit attributable to owners of the Company		<u>5.94</u>	<u>0.42</u>	<u>2.63</u>
Diluted earnings per share				
Profit attributable to owners of the Company		<u>5.93</u>	<u>0.42</u>	<u>2.63</u>

The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Consolidated statements of changes in shareholders' equity

For the years ended 31 December 2020, 2019 and 2018

Equity attributable to owners of the Company													(Unit: Baht)
	Other components of shareholders' equity												
	Other comprehensive income											Former shareholders before the restructuring	
	Issued and paid-up share capital	Premium on ordinary shares	Share-based payment reserve	Surplus from the amalgamation	Deficit from business combination under common control	Retained earnings		Surplus on revaluation of assets – net of income tax	Exchange differences on translation of financial statements in foreign currency	Cash flow hedge reserve – net of income tax	Total other components of shareholders' equity		Total equity attributable to owners of the Company
	Appropriated – statutory reserve	Unappropriated											
Balance as at 1 January 2018	200,000,000	-	-	-	-	24,449,469	1,269,097,694	384,737,186	-	-	384,737,186	1,878,284,349	1,879,671,827
Profit (loss) for the year	-	-	-	-	-	-	1,053,074,506	-	-	-	-	1,053,074,506	981,580,017
Other comprehensive income for the year	-	-	-	-	-	-	(452,411)	-	-	-	-	(452,411)	(5,770,256)
Total comprehensive income for the year	-	-	-	-	-	-	1,052,622,095	-	-	-	-	1,052,622,095	975,809,761
Amortisation on asset revaluation	-	-	-	-	-	-	21,916,392	(21,916,392)	-	-	(21,916,392)	-	-
Business acquisition before the restructuring (Note 4.1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of additional share capital of the subsidiary before the restructuring	-	-	-	-	-	-	(500,000,000)	-	-	-	-	(500,000,000)	147,910,800
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	-	-	-	-	(500,000,000)
Balance as at 31 December 2018	200,000,000	-	-	-	-	24,449,469	1,843,636,181	362,820,794	-	-	362,820,794	2,430,906,444	3,789,370,992
Balance as at 1 January 2019	200,000,000	-	-	-	-	24,449,469	1,843,636,181	362,820,794	-	-	362,820,794	2,430,906,444	3,789,370,992
Profit (loss) for the year	-	-	-	-	-	-	634,295,523	-	-	-	-	634,295,523	613,907,495
Other comprehensive income for the year	-	-	-	-	-	-	1,504,511	-	(4,164,802)	(4,164,802)	(4,164,802)	(2,660,291)	(3,178,171)
Total comprehensive income for the year	-	-	-	-	-	-	635,800,034	-	-	-	-	631,635,232	610,729,324
Amalgamation (Note 4.1)	625,000,000	-	-	483,694,988	-	8,700,000	198,441,364	-	-	-	-	1,315,836,352	-
Amortisation on asset revaluation	-	-	-	-	-	-	17,847,154	(17,847,154)	-	-	(17,847,154)	-	-
Issuance of additional share capital (Note 22)	165,000,000	-	-	-	-	-	-	-	-	-	-	165,000,000	165,000,000
Subsidiary acquisitions (Note 4.2)	-	-	-	-	(143,211,674)	-	-	-	1,861,131	1,861,131	1,861,131	(141,350,543)	(163,072,831)
Transferred unappropriated retained earnings to statutory reserve	-	-	-	-	-	31,620,000	(31,620,000)	-	-	-	-	-	-
Balance as at 31 December 2019	990,000,000	-	-	483,694,988	(143,211,674)	64,769,469	2,664,104,733	344,973,640	(2,303,671)	-	342,669,969	4,402,027,485	4,402,027,485

The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Consolidated statements of changes in shareholders' equity (continued)

For the years ended 31 December 2020, 2019 and 2018

(Unit: Baht)

Equity attributable to owners of the Company															
	Other components of shareholders' equity														
	Other comprehensive income														
	Retained earnings		Deficit from business combination under common control	Surplus from the amalgamation	Share-based payment reserve	Premium on ordinary shares	Share-based payment reserve	Exchange differences on translation of financial statements in foreign currency		Cash flow hedge reserve – net of income tax	Surplus on revaluation of assets – net of income tax	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Former shareholders before the restructuring	Total shareholders' equity
Appropriated – statutory reserve	Unappropriated														
Balance as at 1 January 2020	990,000,000	–	–	483,694,988	(143,211,674)	64,769,469	2,864,104,733	344,973,640	(2,303,671)	–	342,669,969	4,402,027,485	–	–	4,402,027,485
Cumulative effects of the initial adoption of new financial reporting standards (Note 6.1)	–	–	–	–	–	–	28,505,093	–	–	(28,505,093)	(28,505,093)	–	–	–	–
Balance as at 1 January 2020 – as restated	990,000,000	–	–	483,694,988	(143,211,674)	64,769,469	2,892,609,826	344,973,640	(2,303,671)	(28,505,093)	314,164,876	4,402,027,485	–	–	4,402,027,485
Profit for the year	–	–	–	–	–	–	14,400,868,953	–	–	–	–	14,400,868,953	–	–	14,400,868,953
Other comprehensive income for the year	–	–	–	–	–	–	(6,565,947)	–	3,863,244	(7,072,137)	(3,208,893)	(9,774,840)	–	–	(9,774,840)
Total comprehensive income for the year	–	–	–	–	–	–	14,394,303,006	–	3,863,244	(7,072,137)	(3,208,893)	14,391,094,113	–	–	14,391,094,113
Amortisation on asset revaluation	–	–	–	–	–	–	16,624,058	(16,624,058)	–	–	(16,624,058)	–	–	–	–
Issuance of additional share capital (Note 22)	438,780,000	14,229,624,859	–	–	–	–	–	–	–	–	–	14,668,404,859	–	–	14,668,404,859
Share-based payments (Note 23)	–	–	21,753,441	–	–	–	–	–	–	–	–	21,753,441	–	–	21,753,441
Transfer share-based payment reserve to premium on ordinary shares (Note 23)	–	13,600,000	(13,600,000)	–	–	–	–	–	–	–	–	–	–	–	–
Transferred unappropriated retained earnings to statutory reserve	–	–	–	–	–	78,708,531	(78,708,531)	–	–	–	–	–	–	–	–
Dividend paid (Note 32)	–	–	–	–	–	–	(1,785,783,436)	–	–	–	–	(1,785,783,436)	–	–	(1,785,783,436)
Balance as at 31 December 2020	1,428,780,000	14,243,224,859	8,153,441	483,694,988	(143,211,674)	143,478,000	15,239,044,923	328,349,582	1,559,573	(35,577,230)	294,331,925	31,697,496,462	–	–	31,697,496,462

The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries**Consolidated cash flow statements****For the years ended 31 December 2020, 2019 and 2018**

(Unit: Baht)

	2020	2019	2018
Cash flows from operating activities			
Profit before income tax	15,946,471,844	717,856,872	1,187,429,969
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:			
Unrealised loss (gain) on exchange rates	21,978,573	(5,695,186)	8,851,193
Unrealised loss on revaluation of derivative financial instruments	27,284,617	5,615,027	13,058,338
Share-based payment expenses	21,753,441	–	–
Allowance for expected credit losses/ doubtful debts (reversal)	3,336,082	(5,678,827)	(51,181)
Reduction of inventory cost to net realisable value (reversal)	(36,958,712)	(3,011,184)	(68,842,629)
Expenses for retirement benefit obligations	11,033,520	36,259,773	13,290,265
Depreciation	1,069,977,460	789,208,233	628,252,731
Amortisation of intangible assets – computer software	1,834,503	6,330,279	4,543,446
Finance income	(39,175,298)	(5,292,569)	(1,928,452)
Finance cost	142,151,870	194,266,073	161,661,501
Loss on disposal and write-off of machinery and equipment and intangible assets	6,288,038	2,514,297	1,228,526
Profit from operating activities before changes in operating assets and liabilities	17,175,975,938	1,732,372,788	1,947,493,707

The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Consolidated cash flow statements (continued)

For the years ended 31 December 2020, 2019 and 2018

(Unit: Baht)

	2020	2019	2018
Operating assets (increase) decrease			
Trade and other receivables	(3,304,638,092)	320,203,403	23,324,741
Inventories	(1,384,879,827)	72,639,284	(145,777,506)
Other current assets	(488,160,989)	(410,434,196)	(12,144,142)
Other non-current assets	(175,574,778)	5,439,329	(4,111,404)
Operating liabilities increase (decrease)			
Trade and other payables	2,166,933,871	36,630,046	(222,579,423)
Other current liabilities	41,308,071	255,615	(101,265,136)
Provision for retirement benefit obligations	(808,800)	(27,658,093)	(842,741)
Cash flows provided by operating activities	14,030,155,394	1,729,448,176	1,484,098,096
Cash received from interest income	20,154,916	5,264,487	2,106,283
Cash paid for interest expenses	(196,492,495)	(244,925,108)	(160,511,495)
Cash paid for income tax	(251,114,503)	(147,218,006)	(173,189,262)
Cash received from corporate income tax refund	7,918,861	—	—
Net cash flows provided by operating activities	13,610,622,173	1,342,569,549	1,152,503,622

The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Consolidated cash flow statements (continued)

For the years ended 31 December 2020, 2019 and 2018

(Unit: Baht)

	2020	2019	2018
Cash flows from investing activities			
Decrease (increase) in fixed deposits pledged as collateral	–	25,284,400	(284,400)
Cash received from business acquisition before the restructuring	–	–	240,165,453
Cash paid for investments in subsidiaries	–	(163,072,831)	–
Cash received from disposal of machinery and equipment	3,551,514	3,219,404	3,037,922
Cash paid for purchases of property, plant and equipment and intangible assets	(2,054,925,229)	(3,180,445,018)	(1,536,219,075)
Net cash flows used in investing activities	(2,051,373,715)	(3,315,014,045)	(1,293,300,100)
Cash flows from financing activities			
Decrease in short-term borrowings from financial institutions	(274,253,875)	(206,498,844)	(96,326,508)
Proceeds from long-term borrowings	2,347,000,000	3,068,000,000	1,650,000,000
Repayments of long-term borrowings	(2,843,000,000)	(1,020,000,000)	(1,050,000,000)
Repayments of lease liabilities	(17,776,124)	(6,617,347)	(2,061,243)
Proceeds from increase in ordinary shares of the subsidiary before the restructuring	–	–	147,910,800
Proceeds from issuance of additional share capital	14,609,276,074	165,000,000	–
Dividend paid	(1,785,783,436)	–	(500,000,000)
Net cash flows provided by financing activities	12,035,462,639	1,999,883,809	149,523,049

The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Consolidated cash flow statements (continued)

For the years ended 31 December 2020, 2019 and 2018

(Unit: Baht)

	2020	2019	2018
Increase (decrease) in translation adjustments	12,778,676	(19,446,352)	(8,805,008)
Net increase (decrease) in cash and cash equivalents	23,607,489,773	7,992,961	(78,437)
Cash and cash equivalents at beginning of the year	581,264,398	573,271,437	573,349,874
Cash and cash equivalents at end of the year	<u>24,188,754,171</u>	<u>581,264,398</u>	<u>573,271,437</u>
Supplemental cash flows information			
Non-cash transactions:			
Increase in payables from purchases of assets	–	57,779,948	89,144,484
Increase in retention	17,056,162	34,305,129	4,642,497
Purchases of assets by entering into lease agreements	3,012,710	8,205,525	5,818,194

The accompanying notes are an integral part of the financial statements.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Notes to the consolidated financial statements

For the years ended 31 December 2020, 2019 and 2018

1. General information

Sri Trang Gloves (Thailand) Public Company Limited (“the Company”) is a public company incorporated through registration of the amalgamation in accordance with Thai law on 1 April 2019 and domiciled in Thailand. The parent company is Sri Trang Agro-Industry Public Company Limited (“STA”), which is incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of rubber gloves. The registered office of the Company is at 110 Kanjanavanit Road, Pahtong, Hat Yai, Songkhla, Kingdom of Thailand.

The Stock Exchange of Thailand approved the Company's ordinary shares as listed securities, with trading permitted as from 2 July 2020, as discussed in Note 22 to the consolidated financial statements.

2. Purpose of preparation

The consolidated financial statements have been prepared solely for inclusion in the Introductory Document to be issued in connection with the proposed secondary listing of the ordinary shares of the Company on the Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”).

The consolidated financial statements have been prepared in accordance with the basis of preparation as described in Note 3 to the consolidated financial statements. As a result, the consolidated financial statements are not suitable to be used or referred to for other purposes.

3. Basis of preparation

3.1 Basis of consolidation

- (a) The consolidated financial statements include the financial statements of Sri Trang Gloves (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		
			2020	2019	2018
Shidong Shanghai Medical Equipment Co., Ltd.	Distribution of rubber gloves	China	100	100	100
Sri Trang USA, Inc.*	Distribution of rubber gloves	United states of America	100	100	100

- * Sri Trang USA, Inc. (“STU”) is principally engaged in the distribution of natural rubber products and rubber gloves. Since the third quarter of 2018, STU has adjusted its business plans to focus only on the distribution of rubber gloves.

For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

In order to reflect the operating of the current group structure, as described in Notes 4.1 and 4.2 to the consolidated financial statements, the Group prepared the consolidated financial statements as if Thaikong Public Company Limited had amalgamated with Sri Trang Gloves (Thailand) Company Limited on 16 August 2018, and the two subsidiaries had conducted their businesses under the Group before 1 January 2018.

- (b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee or subsidiaries, and it has the ability to direct the activities that affect the amount of its returns.
 - (c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - (d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - (e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing at the end of the reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
 - (f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
 - (h) Equity of former shareholders before the restructuring represents the portion of profit or loss and net assets of the former shareholders before the restructuring under common control (Notes 4.1 and 4.2) and is presented separately in the consolidated profit or loss and under shareholders’ equity in the consolidated statements of financial position in accordance with the accounting practice guidelines for business combinations under common control.
- 3.2 The financial statements of the Company and the financial statements of its subsidiaries that have been combined for the consolidated financial statements have been prepared using accounting principles that are in accordance with Thai Financial Reporting Standards enunciated under the Thai Accounting Professions Act B.E. 2547.
- 3.3 No material adjustments are required to restate the consolidated financial statements of the Group for the years ended 31 December 2020, 2019 and 2018, if these consolidated financial statements are prepared using accounting principles that are in accordance with International Financial Reporting Standards.

4. Restructuring

4.1 The amalgamation

The amalgamating companies are as follows:

- (1) Sri Trang Gloves (Thailand) Company Limited (“Sri Trang Gloves”)
- (2) Thaikong Public Company Limited (“TK”)

Even though the legal form of the Company was registered and formed by the amalgamation on 1 April 2019, since Dr. Viyavood Sincharoenkul (“Dr. Viyavood”), who is the major shareholder and Director of STA, has invested in TK through the acquisition of shares held by Thaikong Group Co., Ltd. since 16 August 2018. For the accounting purpose, the Company adopted Thai Accounting Guidance for business combination under common control to apply for the consolidated financial statements which are accounted for by using similar to pooling of interests method. The Company prepared the consolidated financial statements as if Dr. Viyavood had invested in TK, applying the purchase method, and the amalgamation of TK and Sri Trang Gloves had taken place on 16 August 2018.

The fair values of the net assets of TK that were acquired, using the purchase method, which were included in the consolidated financial statements as at 1 April 2019 and 16 August 2018, are as follows:

(Unit: Thousand Baht)

	As at 1 April 2019	As at 16 August 2018
Cash and cash equivalents	167,989	240,165
Trade and other receivables	345,719	489,037
Inventories	146,704	152,743
Other current assets	26,941	14,549
Fixed deposits pledged as collateral	25,284	25,000
Property, plant and equipment	2,383,034	1,807,536
Intangible assets	5,982	7,166
Goodwill	220,885	220,885
Short-term borrowings from financial institutions	(105,950)	(92,711)
Trade and other payables	(223,296)	(219,168)
Income tax payable	(25,529)	–
Derivative financial instruments	(12,991)	–
Other current liabilities	(14,554)	(104,220)
Long-term borrowings from financial institutions	(1,544,180)	(1,147,459)
Finance lease liabilities	(13,093)	(9,235)
Deferred tax liabilities	(60,259)	(87,653)
Provision for retirement benefit obligations	(6,850)	(656)
Total net assets acquired	1,315,836	1,295,979
<u>Less:</u> Share capital and retained earnings per the financial statements of TK as at 31 March 2019	(832,141)	
Surplus from the amalgamation	483,695	

4.2 Business combination under common control

(a) Shi Dong Shanghai Medical Equipment Company Limited

On 28 June 2019, the Company acquired all ordinary shares of Shi Dong Shanghai Medical Equipment Co., Ltd. (“SDME”) from Startex Rubber Co., Ltd. (“STC”), a subsidiary of the parent company, at a price of CNY 36 million or approximately Baht 163 million. The Company recorded the difference of Baht 11 million between the cost of business combination under common control and the net book value of the subsidiary as “Surplus from business combination under common control” and presented it under shareholders’ equity of the Company.

As at 28 June 2019 (acquisition date), the book value of the net assets acquired and the impact on the consolidated financial statements were as follows:

	(Unit: Thousand Baht)
Cash and cash equivalents	33,322
Trade and other receivables	239,601
Inventories	201,765
Other current assets	3,632
Property, plant and equipment	546
Deferred tax assets	456
Other non-current assets	224
Trade and other payables	(312,762)
Income tax payable	(3,900)
Total	162,884
<u>Add</u> exchange differences on translation of financial statements in foreign currency	11,534
Total net acquired assets	174,418
<u>Deduct</u> cost of business combination	(163,073)
Surplus from business combination under common control	11,345

(b) Sri Trang USA, Inc.

On 30 September 2019, the Company acquired all ordinary shares of Sri Trang USA, Inc. (“STU”) from the parent company, at a price of USD1 or approximately Baht 31. The Company recorded the difference of Baht 155 million between the cost of the business combination under common control and the net book value of the subsidiary as “Deficit from business combination under common control” and presented it under shareholders’ equity of the Company.

As at 30 September 2019 (acquisition date), the book value of the net assets acquired and the impact on the consolidated financial statements were as follows:

(Unit: Thousand Baht)

Cash and cash equivalents	5,712
Trade and other receivables	51,361
Inventories	79,177
Other current assets	8,158
Property, plant and equipment	317
Deferred tax assets	97,897
Other non-current assets	229
Short-term borrowings from financial institutions	(267,679)
Trade and other payables	(116,334)
Total	(141,162)
<u>Add</u> exchange differences on translation of financial statements in foreign currency	(13,395)
Total net acquired assets	(154,557)
<u>Deduct</u> cost of business combination	—
Deficit from business combination under common control	(154,557)

Because the two subsidiaries acquired were under the common control of the parent company both before and after the acquisition, the Group prepared the consolidated financial statements that included the financial position, operating results and cash flows of the subsidiaries from the earlier of 1 January 2018 or the date that the subsidiaries came under the control of the Group, without considering the actual date of the business combination under common control.

5. New financial reporting standards

(a) Financial reporting standards that became effective in 2018

During 2018, the Group adopted the revised (revised 2017) financial reporting standards and interpretations which were effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards did not have any significant impact on the Group's financial statements.

(b) Financial reporting standards that became effective in 2019

During 2019, the Group adopted the revised (revised 2018) financial reporting standards and interpretations which were effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The new standard involved changes to key principles, which were summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The adoption of these financial reporting standards did not have any significant impact on the Group's financial statements.

(c) Financial reporting standards that became effective in 2020

During 2020, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards are aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32

Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16

Hedges of a Net Investment in a Foreign Operation

TFRIC 19

Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The adoption of these standards does not have any significant impact on the Group's financial statements for recognition of credit losses. For recognition of derivatives, the Group already measured at their fair value. Moreover, the Group applies hedge accounting for certain derivatives during the year 2020.

Cumulative effects of the initial adoption of these new financial reporting standards are disclosed in Note 6.1 to the consolidated financial statements.

Furthermore, the Group elected to early adopt the amendments to TFRS 9 and TFRS 7 relating to interest rate benchmark reform in 2020. These amendments are effective for fiscal years beginning on or after 1 January 2021. These amendments provide reliefs which enable the Group's hedge accounting to continue during the period of uncertainty, before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate. The relevant details are disclosed in Note 35.1 to the consolidated financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

Cumulative effects of the initial adoption of this new financial reporting standard are disclosed in Note 6.2 to the consolidated financial statements.

(d) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issue a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards are aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards, which are summarised below:

Amendment or update	Affected financial reporting standards
Conceptual Framework for Financial Reporting	TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS 2, TFRS 3, TFRS 6, TFRIC 12, TFRIC 19, TFRIC 20, TFRIC 22, TSIC 32
Definition of a Business	TFRS 3
Definition of Material	TAS 1, TAS 8, TAS 10, TAS 34, TAS 37
Interest Rate Benchmark Reform	TFRS 7, TFRS 9

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

6. Cumulative effects of changes in accounting policies due to the initial adoption of new financial reporting standards

As described in Note 5 to the consolidated financial statements, during the year 2020, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effects of the initial adoption of new financial reporting standards are recognised as an adjustment to the retained earnings as at 1 January 2020 without restatement of the comparative information.

6.1 Financial instruments

As at 1 January 2020, financial assets and liabilities were classified and measured in accordance with TFRS 9 by amortised cost, except derivative financial instruments were classified and measured by fair value through profit or loss, or fair value through other comprehensive income for the effective portion of the hedging instrument.

The impacts on the beginning balance of retained earnings of 2020 from the initial adoption of financial reporting standards related to financial instruments are presented as follows:

(Unit: Thousand Baht)

	31 December 2019	1 January 2020
Recognition of cash flow hedges		
<i>Retained earnings</i>		
Retained earnings – unappropriated	2,664,105	2,692,610
<i>Other components of shareholders' equity</i>		
Cash flow hedge reserve – net of income tax	–	(28,505)

6.2 Leases

The Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately prior to the date of initial application of TFRS 16.

(Unit: Thousand Baht)

Operating lease commitments as at 31 December 2019	69,125
Less: Short-term leases and leases of low-value assets	(737)
Less: Contracts reassessed as service agreements	(42,945)
Add: Others	3,345
Less: Deferred interest expenses	(1,412)
Increase in lease liabilities due to TFRS 16 adoption	27,376
Liabilities under finance lease agreements as at 31 December 2019	14,581
Lease liabilities as at 1 January 2020	41,957
Weighted average incremental borrowing rate (percent per annum)	3.16 - 6.68
Comprise of:	
Current lease liabilities	17,332
Non-current lease liabilities	24,625
	41,957

Right-of-use assets in accordance with TFRS 16 initially adopted as at 1 January 2020 are as follows:

(Unit: Thousand Baht)

Buildings and building improvement	23,901
Motor vehicles	24,292
Total right-of-use assets	48,193

7. Significant accounting policies

7.1 Revenue and expense recognition

Sales of goods

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax of goods supplied after deducting returns and discounts.

Dividends

Dividends are recognised when the right to receive the dividends is established.

Finance income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the carrying amount of a financial asset net of allowance for expected credit loss (if any).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

7.2 Government Grants

The Company recognises government grants when all attached conditions are met and there is reasonable assurance that the grants will be received. The Company recognises those government grants as income in profit or loss, included in other income.

7.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

7.4 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined by weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, or rebates.

The cost of finished goods and work in process are measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads based on the normal operating capacity, but excluding borrowing costs. Raw materials, chemicals, spare parts and factory supplies are charged to production costs whenever consumed.

7.5 Property, plant and equipment and depreciation

Land and building are stated at revalued amount. Other assets are stated at cost less accumulated depreciation and allowance for loss on impairment of asset (if any).

Such subsequent cost may include the cost of replacing part of the buildings and equipment, only when it is probable that future economic benefits are expected from its use will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of the reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised equity under the heading of "Surplus on revaluation of assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The surplus is amortised to retained earnings on a straight-line basis over the remaining useful lives of the related assets and can neither be offset against deficit nor used for dividend payment.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amount, on the straight-line basis over the following estimated useful lives:

Land improvements	– 5-50 years
Buildings and structures	– 5-50 years
Machinery and equipment	– 2-20 years
Furniture, fixtures and office equipment	– 3-10 years
Motor vehicles	– 5 years

Depreciation is included in profit or loss.

No depreciation is provided on land and assets under construction and installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

The assets will be tested for impairment whenever there is an indication.

The residual values and useful lives of assets are reviewed at each reporting period, and adjusted if appropriate.

7.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

7.7 Intangible assets – computer software

Computer software is recognised at cost. Following the initial recognition, the computer software is carried at cost less accumulated amortisation and allowance for impairment loss (if any).

Computer software with finite useful lives of 3-10 years is amortised on a systematic basis over the economic useful lives and tested for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method of such computer software are reviewed at least at each reporting period. The amortisation expense is charged to profit or loss.

No amortisation is provided on computer software under installation.

7.8 Business combinations and goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less allowance for impairment loss (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of group of cash-generating unit that is expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each group of cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss and will not be reversed in future periods.

Business combinations under common control

Business combinations under common control are accounted for using the pooling of interests method, with the cost of the business combinations under common control being the fair value, at the date of exchange, of the consideration transferred to obtain control. The assets and liabilities of the entities pooled are recognised based on their book values, in proportion to the interests previously under common control.

Differences between the cost of the business combination under common control and the acquirer's proportionate interests in the book value of the pooled entities is presented as "Surplus (deficit) on business combination under common control" in shareholders' equity.

Costs relating to business combinations under common control are accounted for as expenses in the period in which the business combination occurred.

7.9 Leases

Accounting policies adopted since 1 January 2020

The Group recognises right-of-use assets and lease liabilities for all leases at the date the underlying asset is available for use (the commencement date of the lease), except for a lease that has a lease term less than or equal to 12 months or a lease of low-value assets, the Group recognises as expenses on a straight-line basis over the lease term.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made on or before the commencement date of the lease.

Depreciation of right-of-use assets is calculated by reference to their costs, on the straight-line basis over the shorter of lease term or their estimated useful lives if ownership of the leased asset is transferred to the Group at the end of the lease term.

Building and structures – 1-3 years

Motor vehicles – 1-5 years

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change of the lease.

Accounting policies adopted before 1 January 2020

Leases of building and motor vehicles which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of motor vehicles which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

7.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations.

7.11 Foreign currencies

The consolidated financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.

Gain and loss on exchange are included in profit or loss.

7.12 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right of use assets and computer software whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However, in cases where property and plant was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, a reversal of that impairment loss is recognised in profit or loss but shall not exceed the impairment loss was previously recognised in profit or loss, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

7.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law of each country. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the entity recognises restructuring-related costs.

7.14 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

7.15 Share-based payments with equity-settled transactions

The Company recognises share-based payment transactions on the date on which the options are granted, based on the fair value of the options. They are recorded to expenses over the expected lives of the vesting period, and a capital reserve for share-based payment transactions is presented in shareholders' equity.

Estimating the fair value of share-based payment transactions requires the exercise of judgement to make valuations, as well as appropriate assumptions regarding various matters, such as the expected life of the share options, share price volatility and dividend yield.

7.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

7.17 Financial instruments

Accounting policies adopted since 1 January 2020

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect cash flows with the contractual terms. The cash flows are solely payments of principal and interest on the principal amount outstanding complied with the period specified in the contract.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Classification and measurement of financial liabilities

The Group's financial liabilities are initially recognised at fair value net of transaction costs and classified as financial liabilities to be subsequently measured at amortised cost, except for derivative liabilities as described in Note 7.18 to the consolidated financial statements. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred neither all the risks nor rewards of the asset but has transferred control over it.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group recognises a loss based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Accounting policies adopted before 1 January 2020

Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

7.18 Derivatives and hedge accounting

The Group uses derivatives, such as foreign exchange options, forward foreign exchange contracts and interest rate swap, to hedge its foreign currency risks, and interest rate risks, respectively.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss unless the derivative is designated and effective as a hedging instrument under cash flow hedge. Derivatives are carried as financial assets or financial liabilities by considering the fair value of the derivatives.

Derivatives are presented as non-current assets or liabilities and current assets or liabilities by considering the remaining maturity with more than or less than 12 months respectively.

Hedge accounting for cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve and later reclassified to profit or loss when the hedged cash flows affect profit or loss or no longer exist.

The Group prepares proper documentation on the date that hedge accounting is applied and provides regular updates regarding the risk management objectives and strategies and the relationships between the hedging instruments and hedged items, including the nature of the risks being hedged, how the Group assesses the hedge effectiveness, analysis of the causes of hedge ineffectiveness and how the hedge ratio is determined.

The Group considers of the hedge effectiveness by comparing the critical terms between hedging instruments and hedged items. If the critical terms match, the hedging relationship is expected to be highly effective.

7.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows.

- Level 1 – Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 – Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 – Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

8. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows.

Property, plant and equipment

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Group measures land and buildings at revalued amounts. Such amounts are determined by an independent valuer using the market approach for land and the income approach for buildings. The valuation involves certain assumptions and estimations.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and to record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

9. Related party transactions

During the years, the Group had significant business transactions with its related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Thousand Baht)

	For the years ended 31 December		
	2020	2019	2018
Transactions with parent company			
Sales of goods	1,543,700	1,261,832	1,429,683
Purchases of goods	3,375,394	1,909,566	1,489,072
Service income	6,110	99	142
Rental income	3,992	3,992	3,659
Service expenses	64,346	60,243	47,258
Purchases of fixed assets	74,327	—	—
Transactions with related companies			
Sales of goods	37,607	244,300	1,939,345
Purchases of goods	2,216,765	1,541,993	1,463,765
Other income	12,115	14,515	15,074
Service expenses	497,328	346,943	330,103
Commission expenses	473	234	81
Purchases of fixed assets	508,506	1,540,945	842,572
Transactions with directors and related parties			
Purchases of fixed assets	94,700	—	—

The pricing policies of the Group are as follows.

- (1) Sales/purchases of goods are made at market prices or reference to market prices.
- (2) Service, rental and commission income/expenses are based on contract prices.
- (3) Other income is based on contract prices or agreement price.
- (4) Purchases of fixed assets are based on contract prices which reference to market prices.

Outstanding balances arising from sales/purchases of goods, providing/receiving of services and other income/expenses

As at 31 December 2020, 2019 and 2018, the balances of the accounts between the Group and those related parties were as follows.

	(Unit: Thousand Baht)		
	2020	2019	2018
Trade accounts receivable (Note 11)			
Parent company	91,114	106,348	172,766
Related companies	7,747	908	70,654
	<u>98,861</u>	<u>107,256</u>	<u>243,420</u>
Other receivables (Note 11)			
Parent company	1,921	391	9
Related companies	933	927	1,501
	<u>2,854</u>	<u>1,318</u>	<u>1,510</u>
Advance payments (Note 11)			
Related companies	<u>20,000</u>	<u>—</u>	<u>—</u>
Trade accounts payables (Note 19)			
Parent company	482,416	175,774	159,631
Related companies	205,478	96,181	61,855
	<u>687,894</u>	<u>271,955</u>	<u>221,486</u>
Other payables (Note 19)			
Parent company	2	98	879
Related companies	52,393	94,439	190,600
	<u>52,395</u>	<u>94,537</u>	<u>191,479</u>
Advance receipt (Note 19)			
Related companies	<u>—</u>	<u>—</u>	<u>33,293</u>

Directors and management's benefits

During the years ended 31 December 2020, 2019 and 2018, the Group had employee benefit expenses of its directors and management as below:

(Unit: Thousand Baht)

	2020	2019	2018
Short-term employee benefits	96,634	74,440	87,993
Post-employment benefits	2,133	11,801	2,923
Share-based payment benefits	12,506	–	–
Total	111,273	86,241	90,916

10. Cash and cash equivalents

(Unit: Thousand Baht)

	2020	2019	2018
Cash	187	204	185
Bank deposits	24,188,567	581,060	573,086
Total	24,188,754	581,264	573,271
Interests rate (percent per annum)	0.05-0.60	0.50-1.10	0.10-2.15

11. Trade and other receivables

(Unit: Thousand Baht)

	2020	2019	2018
Trade accounts receivable – related parties (Note 9)			
Aged on the basis of due dates			
Not yet due	98,861	106,443	230,638
Past due			
Up to 30 days	–	813	9,266
31 – 60 days	–	–	3,516
Total trade accounts receivable – related parties	98,861	107,256	243,420

	2020	2019	2018
Trade accounts receivable – unrelated parties			
Aged on the basis of due dates			
Not yet due	4,371,976	1,196,972	966,510
Past due			
Up to 30 days	278,089	137,749	290,650
31 – 60 days	127	21,331	16,803
61 – 90 days	544	2,797	15,710
91 – 120 days	1,972	9,510	15,809
121 – 365 days	2,490	8,653	3,876
Over 365 days	3,422	17,457	–
Total	4,658,620	1,394,469	1,309,358
Less: Allowance for expected credit losses (2019 and 2018: Allowance for doubtful accounts)	(4,844)	(1,508)	(7,187)
Total trade accounts receivable – unrelated parties, net	4,653,776	1,392,961	1,302,171
Total trade accounts receivable – net	4,752,637	1,500,217	1,545,591
Other receivables			
Other receivables – related parties (Note 9)	2,854	1,318	1,510
Other receivables – unrelated parties	58,194	76,501	28,343
Advance payments – related parties (Note 9)	20,000	–	–
Prepaid expenses and advance payments – unrelated parties	73,279	33,789	56,955
Receivables from insurance companies and estimated accrued insurance claims*	–	–	289,835
Total other receivables	154,327	111,608	376,643
Total trade and other receivables – net	4,906,964	1,611,825	1,922,234

* From fire incident before the amalgamation

12. Inventories

(Unit: Thousand Baht)

	Cost			Reduction of cost to net realisable value			Inventories – net		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Finished goods	1,618,937	665,601	574,700	(2,795)	(16,155)	(6,778)	1,616,142	649,446	567,922
Work in process	298,858	251,564	410,290	(26,135)	(47,836)	(59,674)	272,723	203,728	350,616
Raw materials, packaging, and chemicals	849,459	451,261	502,863	(11,357)	(11,004)	(4,705)	838,102	440,257	498,158
Spare parts and supplies	313,463	327,412	280,624	(6,841)	(9,092)	(15,941)	306,622	318,320	264,683
Total	3,080,717	1,695,838	1,768,477	(47,128)	(84,087)	(87,098)	3,033,589	1,611,751	1,681,379

During the years 2020, 2019 and 2018, reduction of cost to net realisable value was summarised as follows:

(Unit: Million Baht)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Reversal amount recognised as cost of sales	37	3	69

13. Other current assets

(Unit: Thousand Baht)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Refundable value-added tax	935,897	459,676	52,975
Prepaid withholding tax	9,621	14,234	14,732
Input tax waiting for tax invoice or not yet due	<u>23,736</u>	<u>11,796</u>	<u>6,655</u>
Total other current assets	<u><u>969,254</u></u>	<u><u>485,706</u></u>	<u><u>74,362</u></u>

14. Fixed deposits pledged as collateral

The balance as at 31 December 2018 represented bank deposits, which the Company pledged as collateral for long-term loans and letters of guarantee from financial institutions.

During 2019, the Company redeemed all of its bank deposits as described in Note 20 to the consolidated financial statements.

15. Property, plant and equipment

	(Unit: Thousand Baht)					
	Revaluation basis		Cost basis			
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation
						Total
As at 1 January 2018						
Cost/Revalued amount	556,462	1,029,543	5,949,689	245,275	124,501	8,377,794
Less: Accumulated depreciation	(61,895)	(68,948)	(4,707,829)	(191,535)	(99,270)	(5,129,477)
Less: Allowance for impairment	–	–	(20,984)	–	–	(20,984)
Net book value	494,567	960,595	1,220,876	53,740	25,231	3,227,333
For the year ended 31 December 2018						
Net book value at beginning of year	494,567	960,595	1,220,876	53,740	25,231	3,227,333
Increase from the amalgamation (Note 4.1)	363,605	275,595	975,544	27,565	14,985	1,807,536
Additions	21,492	12,262	94,974	38,290	6,957	1,635,889
Transfers in (out)	41,436	183,906	1,109,717	2,509	–	–
Disposals and write-off, net	–	–	(4,202)	(136)	(37)	(4,375)
Depreciation for the year (Note 27)	(26,878)	(69,246)	(492,692)	(28,138)	(11,298)	(628,252)
Translation adjustment	–	–	–	–	(29)	(29)
Net book value at end of year	894,222	1,363,112	2,904,217	93,830	35,809	6,038,102

(Unit: Thousand Baht)

	Revaluation basis		Cost basis				
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	Total
As at 31 December 2018							
Cost/Revalued amount	982,996	1,501,306	8,080,557	111,826	139,469	746,912	11,563,066
Less: Accumulated depreciation	(88,774)	(138,194)	(5,155,356)	(17,996)	(103,660)	–	(5,503,980)
Less: Allowance for impairment	–	–	(20,984)	–	–	–	(20,984)
Net book value	894,222	1,363,112	2,904,217	93,830	35,809	746,912	6,038,102
For the year ended 31 December 2019							
Net book value at beginning of year	894,222	1,363,112	2,904,217	93,830	35,809	746,912	6,038,102
Additions	661	3,521	81,309	67,043	15,248	3,101,635	3,269,417
Transfers in (out)	53,581	132,185	706,498	19,589	1,029	(912,882)	–
Transfers to intangible assets (Note 17)	–	–	–	–	–	(1,251)	(1,251)
Disposals and write-off, net	–	(1,034)	(2,549)	(1,373)	(755)	–	(5,711)
Depreciation for the year (Note 27)	(35,448)	(81,802)	(616,112)	(42,211)	(13,635)	–	(789,208)
Interest capitalised to assets	–	–	–	–	–	50,992	50,992
Translation adjustment	–	–	–	–	(76)	–	(76)
Net book value at end of year	913,016	1,415,982	3,073,363	136,878	37,620	2,985,406	8,562,265

(Unit: Thousand Baht)

	Revaluation basis		Cost basis				
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	Total
As at 31 December 2019							
Cost/Revalued amount	1,038,333	1,636,843	8,756,339	369,170	150,714	2,985,406	14,936,805
Less: Accumulated depreciation	(125,317)	(220,861)	(5,667,446)	(232,292)	(113,094)	–	(6,359,010)
Less: Allowance for impairment	–	–	(15,530)	–	–	–	(15,530)
Net book value	913,016	1,415,982	3,073,363	136,878	37,620	2,985,406	8,562,265
For the year ended 31 December 2020							
Net book value at beginning of year	913,016	1,415,982	3,073,363	136,878	37,620	2,985,406	8,562,265
Adjustments of TFRS 16 adoption	–	–	–	(20,817)	–	–	(20,817)
Additions	179,032	9,009	83,399	27,394	11,764	1,677,093	1,987,691
Transfers in (out)	60,570	798,850	2,258,721	417	10,918	(3,129,476)	–
Transfers to intangible assets (Note 17)	–	–	–	–	–	(3,882)	(3,882)
Disposals and write-off, net	–	–	(9,666)	(126)	(48)	–	(9,840)
Depreciation for the year (Note 27)	(38,125)	(100,899)	(857,231)	(38,263)	(16,021)	–	(1,050,539)
Interest capitalised to assets	–	–	–	–	–	56,500	56,500
Translation adjustment	–	–	–	–	35	–	35
Net book value at end of year	1,114,493	2,122,942	4,548,586	105,483	44,268	1,585,641	9,521,413

	(Unit: Thousand Baht)						
	Revaluation basis		Cost basis				
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	Total
As at 31 December 2020							
Cost/Revalued amount	1,277,935	2,444,694	11,056,864	348,182	173,321	1,585,641	16,886,637
Less: Accumulated depreciation	(163,442)	(321,752)	(6,492,748)	(242,699)	(129,053)	–	(7,349,694)
Less: Allowance for impairment	–	–	(15,530)	–	–	–	(15,530)
Net book value	1,114,493	2,122,942	4,548,586	105,483	44,268	1,585,641	9,521,413
Depreciation for the year							
Included in manufacturing cost					1,042,831	778,912	617,223
Included in selling and administrative expenses					7,708	10,296	12,029
					1,050,539	789,208	628,252

The Group arranged for independent professional appraisers to appraise the value of certain assets in 2017 and 2018 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land and land improvements were revalued using the market approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as spaces, location, environment, and highest best use. The most significant input into this valuation approach is price per Rai and size of land.
- Buildings and structures were revalued the depreciated replacement cost approach. Replacement value is calculated from construction prices in the market to build the similar characteristics of properties in close proximity and adjusted for depreciation which calculated from utilised period and remaining expected useful lives. The most significant input into this valuation approach is construction price per square meter, utility spaces and useful lives of buildings.

The asset revaluation surplus net of applicable deferred income tax was credited to other components of shareholder's equity.

Had the land, land improvement, building and structures been carried in the financial statements on a historical cost basis, their net book value as of 31 December 2020, 2019 and 2018 would have been as follows:

	(Unit: Thousand Baht)		
	2020	2019	2018
Land and land improvements	1,121,170	782,073	757,501
Buildings and structures	2,137,897	1,047,502	1,010,176

As at 31 December 2018, net book value of property, plant and equipment amounting to Baht 1,562 million were pledged as collateral against credit facilities, short-term and long-term borrowings received from financial institutions. During 2019, the Company redeemed all the collaterals pledged with financial institutions as described in Note 20 to the consolidated financial statements.

As at 31 December 2019 and 2018, the Group had vehicles which were acquired under finance lease agreements as follows.

	(Unit: Million Baht)	
	2019	2018
Net book value	21	26

As at 31 December 2020, the Group had an outstanding balance of new plants under construction amounting to Baht 1,586 million (2019: Baht 2,734 million, 2018: Nil), which has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 57 million (2019: Baht 51 million, 2018: Nil) were capitalised. The weighted average rates of 2.17% – 3.78% (2019: 2.87% – 3.78%, 2018: Nil) had been used to determine the amount of borrowing costs eligible for capitalisation.

As at 31 December 2020, 2019 and 2018, certain items of buildings and equipment had been fully depreciated but were still in use as follows:

(Unit: Million Baht)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss	4,379	3,936	3,661

16. Leases

16.1 Right-of-use assets

Movements of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	<u>Building and structures</u>	<u>Motor vehicles</u>	<u>Total</u>
As at 1 January 2020	–	–	–
Adjustments of TFRS 16 adoption (Note 6.2)	23,901	24,292	48,193
Additions	–	3,013	3,013
Depreciation for the year (Note 27)	(9,359)	(10,079)	(19,438)
Translation adjustment	1,337	–	1,337
As at 31 December 2020	<u>15,879</u>	<u>17,226</u>	<u>33,105</u>

16.2 Lease liabilities

(Unit: Thousand Baht)

	<u>As at 31 December 2020</u>
Lease payments	29,841
Less: Deferred interest expenses	<u>(1,229)</u>
Total	28,612
Less: Portion due within one year	<u>(15,930)</u>
Lease liabilities – net of current portion	<u>12,682</u>

Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	For the year ended 31 December 2020
Depreciation expense of right-of-use assets	19,438
Interest expense on lease liabilities	1,475
Expense relating to leases of low-value assets	10,847

17. Intangible assets – computer software

(Unit: Thousand Baht)

As at 1 January 2018

Cost	41,199
Less: Accumulated amortisation	(36,936)
Net book value	4,263

For the year ended 31 December 2018

Net book value at beginning of year	4,263
Increase from the amalgamation (Note 4.1)	7,166
Additions	71
Amortisation (Note 27)	(4,543)
Net book value at end of year	6,957

As at 31 December 2018

Cost	46,946
Less: Accumulated amortisation	(39,989)
Net book value	6,957

For the year ended 31 December 2019

Net book value at beginning of year	6,957
Additions	11,320
Transfers from equipment (Note 15)	1,251
Write-off, net	(23)
Amortisation (Note 27)	(6,330)
Translation adjustment	(14)
Net book value at end of year	13,161

As at 31 December 2019

Cost	58,851
Less: Accumulated amortisation	(45,690)
Net book value	13,161

For the year ended 31 December 2020

Net book value at beginning of year	13,161
Additions	84,290
Transfers from equipment (Note 15)	3,882
Amortisation (Note 27)	(1,835)
Translation adjustment	28
Net book value at beginning of year	99,526

As at 31 December 2020

Cost	146,973
Less: Accumulated amortisation	(47,447)
Net book value	99,526

18. Goodwill

Goodwill arise from the amalgamation as describe in Note 4.1 to the consolidated financial statements.

For the propose of annual impairment testing for goodwill, the Group determines the recoverable amount of the cash generating units based on value in use, with the cash flow projections derived from financial budgets approved by management. The projections cover a five-year period. The cash flow projections after the fifth-year period are extrapolated using the estimated growth rates stated below. The terminal growth rate does not exceed the long-term average growth rate for the business in which the cash generating units operate.

Key assumptions used in the value in use calculation of the cash generating units are summarised below:

	2020	2019	2018
Terminal growth rate at the year-end that the projection was prepared.	0.0% per annum	0.0% per annum	0.0% per annum
Pre-tax discount rate	10.9% per annum	7.0% per annum	8.2% per annum

The management determined the forecasted operations and future cash flow projections based on factors including historical operating results, expected market growth and economic growth. The discount rate is a pre-tax rate that reflects the risks specific to cash generating unit.

The management determines that goodwill is not impaired.

19. Trade and other payables

(Unit: Thousand Baht)

	2020	2019	2018
Trade accounts payable – related parties (Note 9)	687,894	271,955	221,486
Trade accounts payable – unrelated parties	937,663	557,324	476,672
Other payables – related parties (Note 9)	52,395	94,537	191,479
Other payables – unrelated parties	642,252	383,839	273,897
Advance receipt – related parties (Note 9)	–	–	33,293
Advance receipt for goods and others – unrelated parties	1,253,243	85,142	66,127
Total trade and other payables	3,573,447	1,392,797	1,262,954

20. Borrowings

Movements in the borrowing accounts for the consolidated financial statements for the years ended 31 December 2020, 2019 and 2018 are summarised below:

(Unit: Thousand Baht)

	2020	2019	2018
Borrowing at beginning of year	7,071,841	5,252,051	3,498,384
Additions in short-term borrowings from the amalgamation (Note 4.1)	–	–	92,711
Decrease in short-term borrowings from financial institutions	(274,254)	(206,499)	(96,327)
Additions of long-term borrowings from the amalgamation (Note 4.1)	–	–	1,147,459
Proceeds from long-term borrowings from financial institutions	2,347,000	3,068,000	1,650,000
Repayments of long-term borrowings from financial institutions	(2,843,000)	(1,020,000)	(1,050,000)
Additions of deferred financial service fee	–	(4,058)	–
Amortisation of deferred financial service fee	2,293	1,656	356
Adjustments of TFRS 16 adoption (Note 6.2)	27,376	–	–
Additions of finance lease liabilities from the amalgamation (Note 4.1)	–	–	9,235
Additions of finance lease liabilities	–	8,206	5,818
Repayments of finance lease liabilities	–	(6,617)	(2,061)
Increase in lease liabilities	3,013	–	–
Repayments of lease liabilities	(17,776)	–	–
Translation adjustment	11,826	(20,898)	(3,524)
Borrowing at end of year	6,328,319	7,071,841	5,252,051

As at 31 December 2018, some of the short-term and long-term borrowings, amounting to Baht 1,249 million, were secured with property, plant and equipment of the Group, as described in Note 15 to the consolidated financial statements, and fixed deposits pledged as collateral, as described in Note 14 to the consolidated financial statements. Subsequently, during 2019, the collateral and conditions of borrowing agreements were changed with the Group redeeming all of the collateral pledged with financial institutions and a requirement not to create any obligation over the Group's assets (Negative pledge).

Short-term borrowings from financial institutions

As at 31 December 2020, 2019 and 2018, STU had credit facilities and balances of short-term borrowings with an overseas financial institution and the standby-letters of credit of a commercial bank which were guaranteed by the parent company (in January 2021, the Company has guaranteed short-term borrowings on behalf of the parent company) as follows:

	2020		2019		2018	
	Million US Dollar	Million Baht (Equivalent)	Million US Dollar	Million Baht (Equivalent)	Million US Dollar	Million Baht (Equivalent)
Credit facilities	10	300	15	452	19	616
Balances of short-term borrowings	–	–	9	264	11	341

20.1 Long-term loans from financial institutions

As at 31 December 2020, 2019 and 2018, the Group had entered into long-term borrowing agreements with commercial banks with details as follows:

No.	Credit facility	Borrowing periods	Interest rate (%)	Principal and interest repayment	(Unit: Thousand Baht)		
					2020	2019	2018
1	Baht 1,200 Million granted in 2017	6 years	6M THBFIX plus fixed rate per annum	Principal is repayable quarterly from December 2017 and interest is repayable monthly.	–	895,000*	1,100,000
2	Baht 3,000 Million granted in 2017	7 years	MLR less fixed rate per annum	Principal is repayable quarterly from March 2018 and interest is repayable quarterly.	–	1,392,000	2,020,000
3	Baht 950 Million granted in 2018	7 years 6 months	MLR less fixed rate per annum	Principal is repayable quarterly from September 2018 and interest is repayable quarterly.	810,000	880,000	930,000
4	Baht 700 Million granted in 2018	4 years 6 months	MLR less fixed rate per annum	Principal is repayable quarterly from June 2019 and interest is repayable quarterly.	427,000	583,000	700,000
5	Baht 1,623 Million granted in 2018	7 years	6M THBFIX plus fixed rate per annum	Principal is repayable quarterly from December 2019 and interest is repayable quarterly.	1,393,000**	1,603,000**	–
6	Baht 1,445 Million granted in 2019	7 years 9 months	MLR less fixed rate per annum	Principal is repayable monthly from March 2020 and interest is repayable monthly.	1,325,000	1,445,000	–
7	Baht 1,000 Million granted in 2020	6 years	6M THBFIX plus fixed rate per annum	Principal is repayable quarterly from March 2022 and interest is repayable quarterly.	880,000	–	–

					(Unit: Thousand Baht)		
No.	Credit facility	Borrowing periods	Interest rate (%)	Principal and interest repayment	2020	2019	2018
8	Baht 2,000 Million granted in 2020	6 years 1 months	MLR less fixed rate per annum	Principal is repayable quarterly from Jun 2021 and interest is repayable quarterly.	1,467,000	–	–
9	Baht 1,500 Million granted in 2020	6 years 2 months	MLR less fixed rate per annum	Principal is repayable quarterly from March 2022 and interest is repayable quarterly after the first drawdown of the loan	–***	–	–
Total					6,302,000	6,798,000	4,750,000
Less: Deferred financial service fees					(2,294)	(4,587)	(2,185)
Long-term borrowings – net					6,299,706	6,793,413	4,747,815
Less: Current portion of long-term borrowings					(774,216)	(947,490)	(499,226)
Long-term borrowings – net of current portion					5,525,490	5,845,923	4,248,589

* The Group manages interest rate risk of the credit facilities by entering into interest rate swap contracts with fixed rate per annum.

** The Group manages interest rate risk of the partial credit facilities by entering into interest rate swap contracts with fixed rate per annum.

*** The Group has yet to draw down the loans.

The long-term borrowing agreements of the Group contain certain covenants that, among other things, require the Group to maintain certain financial ratios.

During 2020, the Company made an early repayment of its no.1 and no.2 long-term loans totaling Baht 2,093 million and canceled the credit facilities. In addition, the Company terminated the related interest rate swap contract and reversed unrealised losses of Baht 23 million from changes in the fair value of the interest rate swap in other comprehensive income.

20.2 Liabilities under finance lease agreements

(Unit: Thousand Baht)

	2019	2018
Liabilities under finance lease agreements	15,628	14,247
Less: Deferred interest expenses	(1,047)	(1,255)
Total	14,581	12,992
Less: Portion due within one year	(6,322)	(5,624)
Liabilities under finance lease agreements – net of current portion	<u>8,259</u>	<u>7,368</u>

The Group entered into finance lease agreements with a leasing company to lease vehicles for its use in the business operations. Lease payments are to be made on a monthly basis and the average duration of the lease agreements is approximately 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	As at 31 December 2019		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	6,876	8,752	15,628
Deferred interest expenses	(554)	(493)	(1,047)
Present value of future minimum lease payments	<u>6,322</u>	<u>8,259</u>	<u>14,581</u>

(Unit: Thousand Baht)

	As at 31 December 2018		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	6,262	7,985	14,247
Deferred interest expenses	(638)	(617)	(1,255)
Present value of future minimum lease payments	<u>5,624</u>	<u>7,368</u>	<u>12,992</u>

21. Provision for retirement benefit obligations

Provision for retirement benefit obligations, which represents compensation payable to employees after they reach their retirement aged, was as follows:

	(Unit: Thousand Baht)		
	2020	2019	2018
Provision for retirement benefit obligations at beginning of year	101,537	94,816	81,147
Increase from the amalgamation (Note 4.1)	–	–	656
Included in profit or loss:			
Current service cost	9,230	9,357	10,765
Interest cost	1,804	3,205	2,525
Past service cost	–	23,698	–
Included in other comprehensive income:			
Actuarial (gain) loss arising from			
Demographic assumptions changes	–	(10,358)	2,798
Financial assumptions changes	3,436	3,898	(1,412)
Experience adjustments	4,771	4,579	(820)
Benefits paid during the year	(809)	(27,658)	(843)
Provision for retirement benefit obligations at end of year	119,969	101,537	94,816

	(Unit: Million Baht)		
	2020	2019	2018
Amount of long-term employee benefits which the Group expects to pay during the next year	1	1	3

	(Unit: Years)		
	2020	2019	2018
The weighted average duration of the liabilities for long-term employee benefit (years)	17	17	14

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)		
	2020	2019	2018
Discount rate	1.58	1.84	2.96
Future salary increase rate	3.0 – 4.0	3.0 – 4.0	3.0 – 5.0
Turnover rate	0.0 – 35.0	0.0 – 35.0	0.0 – 30.0

The result of sensitivity analysis for significant assumptions that affect the present value of the provision for retirement benefit obligations as at 31 December 2020, 2019 and 2018 are summarised below:

(Unit: Thousand Baht)

	2020		2019		2018	
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Discount rate	(14,770)	17,268	(12,962)	15,444	(7,443)	8,587
Salary increase rate	16,935	(14,602)	14,960	(12,843)	8,356	(7,398)
	Increase 20.0%	Decrease 20.0%	Increase 20.0%	Decrease 20.0%	Increase 20.0%	Decrease 20.0%
Turnover rate	(10,441)	12,577	(9,359)	11,263	(5,718)	6,782

22. Share capital

	Value per share	Number of shares		Share capital	
		Registered	Issued and fully paid	Registered	Issued and fully paid
	(Baht)	(Million Shares)		(Million Baht)	
Share capital as at 1 January 2018	10,000	0.02	0.02	200.00	200.00
Change in the par value	100	1.98	1.98	–	–
Share capital as at 31 December 2018	100	2.00	2.00	200.00	200.00
Share capital as at 1 January 2019	100	2.00	2.00	200.00	200.00
Increase from the amalgamation	100	6.25	6.25	625.00	625.00
Increase from receipt for additional shares	100	1.65	1.65	165.00	165.00
Change in the par value	1	980.10	980.10	–	–
Increase from registered	1	444.78	–	444.78	–
Share capital as at 31 December 2019	1	1,434.78	990.00	1,434.78	990.00
Share capital as at 1 January 2020	1	1,434.78	990.00	1,434.78	990.00
Increase from receipt for additional shares	1	–	438.78	–	438.78
Change in the par value	0.5	1,434.78	1,428.78	–	–
Share capital as at 31 December 2020	0.5	2,869.56	2,857.56	1,434.78	1,428.78

2018

On 9 October 2018, the Extraordinary General Meeting of Shareholders of the Company passed resolutions to approve to change in the par value of its shares from Baht 10,000 to Baht 100 per share. Therefore, the Company's registered and paid-up capital increased from 20,000 shares to 2,000,000 shares. As a result, the Company's registered and paid-up capital of Baht 200 million (2,000,000 ordinary shares with a par value of Baht 100 each). The Company registered the change in the par value of its shares with the Ministry of Commerce on 9 October 2018.

2019

On 1 April 2019, as the result of the amalgamation, the Company's registered share capital was Baht 825,000,000 (8,250,000 ordinary shares with a par value of Baht 100 each).

On 7 June 2019, the Extraordinary General Meeting of Shareholders of the Company passed a resolution to increase its registered share capital from Baht 825 million (8,250,000 ordinary shares with a par value of Baht 100 each) to Baht 990 million (9,900,000 ordinary shares with a par value of Baht 100 each) by issuing 1,650,000 new ordinary shares with a par value of Baht 100 each to the existing shareholders with a ratio of 5 existing shares to 1 newly share, at a price of Baht 100 per share. The Company registered the increase of its capital with the Ministry of Commerce on 14 June 2019. During 2019, the Company received payment of the additional capital in full.

On 26 August 2019, the Extraordinary General Meeting of Shareholders of the Company passed resolutions to approve to change in the par value of its shares from Baht 100 to Baht 1 per share. Therefore, the Company's registered and paid-up capital increased from 9,900,000 shares to 990,000,000 shares. As a result, the Company's registered and paid-up capital of Baht 990 million (990,000,000 ordinary shares with a par value of Baht 1 each). The Company registered the change in the par value of its shares with the Ministry of Commerce on 27 August 2019.

On 22 November 2019, the Extraordinary General Meeting of the Company's shareholders passed a resolution to approve the following matters:

- Increase in the Company's registered share capital, from Baht 990,000,000 (990,000,000 ordinary shares with a par value of Baht 1 each) to Baht 1,434,780,000 (1,434,780,000 ordinary shares with a par value of Baht 1 each) through the issuance of 444,780,000 new ordinary shares with a par value of Baht 1 each, and the allocation of the newly-issued ordinary shares is as follows:
 1. Allocation of not more than 432,780,000 new shares with a par value of Baht 1 each for the initial public offering (IPO)
 2. Allocation of not more than 2,000,000 new shares with a par value of Baht 1 each to be offered to the directors, executives, and/or employees of STA and the STA's subsidiaries
 3. Allocation of not more than 10,000,000 new shares with a par value of Baht 1 each to be offered under the STGT ESOP as described in Note 23 to the consolidated financial statements

The Company completely registered the increase in its share capital with the Ministry of Commerce on 25 November 2019.

- The listing of the Company's shares on the Stock Exchange of Thailand.

2020

During 23 to 25 June 2020, the Company offered new ordinary shares that registered with the Ministry of Commerce on 25 November 2019 as detailed below:

1. Offered in initial public offering of 432,780,000 of new shares with a par value of Baht 1 each, at an offering price of Baht 34 per share, amounting to Baht 14,714,520,000
2. Offered to directors, executives, and/or employees of STA and the STA's subsidiaries of 2,000,000 of new shares with a par value of Baht 1 each, at an offering price of Baht 34 per share, amounting to Baht 68,000,000
3. Offered under the STGT ESOP for the first allocation of 4,000,000 of new shares with a par value of Baht 1 each, at an offering price of Baht 30.6 per share, amounting to Baht 122,400,000 (The Company records the difference from IPO price as share-based payment expenses amounting to Baht 13.6 million.)

On 29 June 2020, the Company received full payment of the additional capital and then registered the increase of its issued and paid-up share capital from Baht 990,000,000 (990,000,000 ordinary shares with a par value of Baht 1 each) to Baht 1,428,780,000 (1,428,780,000 ordinary shares with a par value of Baht 1 each) with the Ministry of Commerce on the same date. The Stock Exchange of Thailand approved the 1,428,780,000 ordinary shares with a par value of Baht 1 each as listed securities, with trading permitted as from 2 July 2020.

The Company incurred expenses relating to the share offering amounting to approximately Baht 237 million (net after tax benefits) and these expenses were recorded as a deduction against premium on ordinary shares.

On 25 December 2020, the Extraordinary General Meeting of the Company's shareholders No. 1/2020 passed resolutions approving the change in the par value of the ordinary shares from Baht 1 each to Baht 0.5 each. As a result, the Company's registered share capital is Baht 1,434,780,000 (2,869,560,000 ordinary shares of Baht 0.5 each) and the Company's registered and paid-up share capital is Baht 1,428,780,000 (2,857,560,000 ordinary shares of Baht 0.5 each). The Company registered the change in the par value of its share with the Ministry of Commerce on 28 December 2020.

23. Share-based payments

Options to purchase newly-issued ordinary shares of the Company offered to the directors executives and/or employees of the Group ("STGT ESOP")

The details of STGT ESOP after the change in the par value of the ordinary shares during 2020 as described in Note 22 to the consolidated financial statements are as follows:

Type of securities	Newly-issued ordinary shares of the Company to be offered to the directors, executives, and/or employees of the Company and the Company's subsidiaries
Term	Two years from the date on which the ordinary shares of the Company are listed on the SET
Number of newly-issued ordinary shares to be issued and offered	Not more than 20,000,000 shares with a par value of Baht 0.5 per share

Offering price per share	At the date of the IPO: 90 percent of the IPO price The first to second year after the IPO: 90 percent of the market price* * As specified under the notification of the Office of the Securities and Exchange Commission regarding the calculation of offer price of securities and determination of market price for consideration of offer for sale of newly-issued shares with discount											
Offering period	The Company will offer the new-issued ordinary shares through the STGT ESOP’s scheme as detailed below: <table><tr><td>The first allocation</td><td>The date of the IPO:</td><td>Not more than 40 percent or 8,000,000 shares</td></tr><tr><td>The second allocation</td><td>The first year after the IPO:</td><td>Not more than 30 percent, or 6,000,000 shares</td></tr><tr><td>The third allocation</td><td>The second year after the IPO:</td><td>Not more than 30 percent, or 6,000,000 shares</td></tr></table>			The first allocation	The date of the IPO:	Not more than 40 percent or 8,000,000 shares	The second allocation	The first year after the IPO:	Not more than 30 percent, or 6,000,000 shares	The third allocation	The second year after the IPO:	Not more than 30 percent, or 6,000,000 shares
The first allocation	The date of the IPO:	Not more than 40 percent or 8,000,000 shares										
The second allocation	The first year after the IPO:	Not more than 30 percent, or 6,000,000 shares										
The third allocation	The second year after the IPO:	Not more than 30 percent, or 6,000,000 shares										
Conditions of the allocation	At the record date <ul style="list-style-type: none">• Being a director, executive, and/or employee of the Company and the subsidiaries no less than 3 months• Not being under a probationary period At the offering date <ul style="list-style-type: none">• Remaining a director, executive, and/or employee of the Company and the subsidiaries											

The Company recorded transfer of share-based payment reserve for the first allocation amounting to Baht 13.6 million to premium on ordinary shares on 29 June 2020.

The Company recognised share-based payment expenses amounting to Baht 21.8 million for the year ended 31 December 2020.

Details of option movements are as follows:

	Number of options	Weighted average exercise price
	(Units)	(Baht)
Outstanding as at 1 January 2020	–	–
Issued during the year	20,000,000	1.76
Exercised during the year	(8,000,000)	1.70
Outstanding as at 31 December 2020	12,000,000	1.80
Exercisable as at 31 December 2020	–	–

As at 31 December 2020, the fair value of remaining option granted and the inputs of the model used were summarised below.

	The first year after the IPO:	The second year after the IPO:
Fair value of options granted (Baht)	1.77	1.84
Dividend yield (%)	1.90	1.90
Expected stock volatility* (%)	56.52	47.94
Risk-free interest rate (%)	0.49	0.52
Expected life of share options (Years)	1.05	2.05
Model used	Monte Carlo	Monte Carlo

* The expected volatility of the share options is based on historical data of the comparable company's stock price.

24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

25. Other income

(Unit: Thousand Baht)

	For the year ended 31 December		
	2020	2019	2018
Rental income	13,134	11,222	9,188
Gain from scrap sales	53,389	11,092	31,625
Revenue from tax compensation	29,623	12,562	10,072
Income from insurance claim and business interruption	18,231	24,156	14,774
Compensation income received under the interest subsidy program for rubber producers by the Rubber Authority of Thailand	78,595	46,386	—
Others	55,144	34,832	31,993
Total other income	248,116	140,250	97,652

26. Other gain (loss)

(Unit: Thousand Baht)

	For the year ended 31 December		
	2020	2019	2018
Gain (loss) on derivative financial instruments	(56,151)	7,813	(60,504)
Loss from disposals and write-off of fixed assets	(6,288)	(2,514)	(1,229)
Total other gain (loss)	(62,439)	5,299	(61,733)

27. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December		
	2020	2019	2018
Changes in inventories of finished goods and work in progress	(1,000,630)	67,826	(83,768)
Raw materials and consumables used	7,974,800	5,276,274	4,975,066
Reversal of reduction of inventory cost to net realisable value	(36,959)	(3,011)	(68,843)
Salaries and wages and other employee benefits	1,884,803	1,348,376	1,098,350
Depreciation	1,069,977	789,208	628,252
Amortisation of intangible assets	1,835	6,330	4,543

28. Income tax

Income tax for the years ended 31 December 2020, 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	For the years ended 31 December		
	2020	2019	2018
Current income tax:			
Corporate income tax charge	1,494,894	170,328	244,987
Adjustment in respect of corporate income tax of previous year	(6,401)	5,297	—
Income tax directly related to shareholders' equity	59,129	—	—
Deferred tax:			
Relating to origination and reversal of temporary differences	(2,019)	(71,676)	(39,137)
Income tax reported in the profit or loss	1,545,603	103,949	205,850

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020, 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December		
	2020	2019	2018
Deferred tax on actuarial (gain) loss	(1,642)	376	(113)
Deferred tax relating to loss on cash flow hedges	(8,894)	—	—

The reconciliation between accounting profit and income tax is shown below.

(Unit: Thousand Baht)

	For the years ended 31 December		
	2020	2019	2018
Accounting profit before tax	15,946,472	717,857	1,187,430
Applicable tax rate	20.0%-25.0%	20.0%-25.0%	20.0%-25.0%
Accounting profit before tax multiplied by income tax rate	3,220,878	142,583	231,712
Adjustment in respect of income tax of previous year	(6,401)	5,297	—
Effects of:			
Promotional privileges	(1,679,867)	(48,046)	(32,387)
Non-deductible expenses	7,772	10,905	13,347
Additional expense deductions allowed	(2,377)	(6,843)	(7,355)
Others	5,598	53	533
Total	(1,668,874)	(43,931)	(25,862)
Income tax reported in the profit or loss	1,545,603	103,949	205,850

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)		
	2020	2019	2018
Deferred tax assets			
Loss from changes in fair value of derivative financial instruments	12,575	197	402
Allowance for diminution in value of inventories	4,528	13,080	13,074
Cumulative loss from assets revaluation and allowance for asset impairment	3,721	3,906	4,253
Provision for retirement benefit obligations	23,994	20,307	18,963
Unused tax losses	3,859	85,892	88,212
Intercompany profit in inventories	84,364	7,227	9,796
Others	16,182	12,413	5,585
Total	149,223	143,022	140,285
Deferred tax liabilities			
Assets revaluation surplus	102,910	107,105	111,590
Gain from changes in fair value on derivative financial instruments	3,167	4,352	–
Fair value adjustments from business acquisition	6,451	9,928	71,358
Others	506	58	77
Total	113,034	121,443	183,025
Deferred tax assets (liabilities) – net	36,189	21,579	(42,740)

Deferred tax assets (liabilities) presented in the consolidated statements of financial position are as follows:

	(Unit: Thousand Baht)		
	2020	2019	2018
Deferred tax assets	104,233	106,920	103,333
Deferred tax liabilities	(68,044)	(85,341)	(146,073)
	36,189	21,579	(42,740)

29. Promotional privileges

The Company was granted certain privileges on its manufactures of rubber gloves pursuant to the Investment Promotion Act B.E. 2520, for the period during 2010 – 2027 totaling 9 certificates (2019: 9 certificates, 2018: 7 certificates), subjected to certain imposed conditions, the privileges included among the others as follows:

- (a) Exemption from payment of import duty on imported machinery and equipment as approved by BOI committee
- (b) Exemption from payment of income tax for the periods of 5 to 8 years starting from the commencement date of the promoted business (started in 2010), and 50 percent reduced from the normal income tax rate for the next 3 to 5 years after the period of exemption from payment of income tax is expired

As a promoted industry, the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

The Company's operating revenues divided between promoted and non-promoted operations, are summarised below:

(Unit: Thousand Baht)

	For the year ended 31 December								
	Promoted operations			Non-promoted operations			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Revenue from sales									
Domestic sales	1,901,908	825,978	549,116	477,921	2,581,625	2,711,094	2,379,829	3,407,603	3,260,210
Export sales	24,891,529	4,087,004	2,917,712	7,797,806	5,942,104	5,642,971	32,689,335	10,029,108	8,560,683
Total sales	26,793,437	4,912,982	3,466,828	8,275,727	8,523,729	8,354,065	35,069,164	13,436,711	11,820,893
Inter-company elimination							(4,664,044)	(1,442,566)	(832,295)
Total							30,405,120	11,994,145	10,988,598

30. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares to reflect the impact of the change in the par value of the ordinary shares, as discussed in Note 22 to the consolidated the financial statements, as if the change in the par value of the ordinary shares had been distributed at the beginning of the earliest period reported.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the date of the issue of the options to purchase newly-issued ordinary shares.

The following tables set forth the computation of basic and diluted earnings per share:

For the year ended 31 December									
	Profit for the year			Weighted average number of ordinary shares			Earnings per share		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	(Baht)
Basic earnings per share									
Profit attributable to owners of the company	14,400,869	634,296	1,053,075	2,425,973	1,525,386	400,000	5.94	0.42	2.63
Effect of dilutive potential ordinary shares									
The options of newly-issued ordinary shares (STGT ESOP)	—	—	—	665	—	—			
Diluted earnings per share									
Profit attributable to ordinary shareholders assuming the conversion of the options to ordinary shares	14,400,869	634,296	1,053,075	2,426,638	1,525,386	400,000	5.93	0.42	2.63

31. Segment information

This operating segment is consistent with the internal management reports provided to the Chief Operating Decision Maker, who makes decisions related to the allocation of resources to the segment and assesses its performance. The chief operating decision-maker has been identified as the Managing Director.

The Group operates in one business segment, manufacturing and distribution of rubber glove (Since the third quarter of 2018, STU has adjusted its business plans to focus only on the distribution of rubber gloves.) in 3 areas including Thailand, China and the United States of America. The Group measures the business based on a measure of segment profit, which is derived on a basis consistent with the measurement of profit for the years in the consolidated financial statements.

Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

For the years ended 31 December			
	2020	2019	2018
Revenue from external customers			
United States of America	6,850,954	1,937,301	1,456,561
China	3,007,933	1,138,422	884,523
Japan	2,938,048	867,193	396,910
Germany	1,996,860	820,042	405,220
Thailand	1,809,772	1,639,857	2,134,674
Singapore	34,412	1,115,484	3,461,733
Others	13,767,141	4,475,846	2,248,977
Total	30,405,120	11,994,145	10,988,598

(Unit: Thousand Baht)

As at 31 December			
	2020	2019	2018
Non-current assets (other than financial instruments and deferred tax assets)			
Thailand	10,032,893	8,795,452	6,264,880
China	14,931	862	505
United States of America	3,237	555	559
Total	10,051,061	8,796,869	6,265,944

	2020	2019	2018
Major customer with revenue of 10 percent or more of the Group's revenues	None	A major customer with revenue amounting to Baht 1,262 million	3 major customers with revenue amounting to Baht 4,863 million

32. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends from retained earnings as at 30 April 2018	Board of Directors' meeting on 22 May 2018	500.00	25,000.00
Interim dividends for 2020	Board of Directors' meeting on 13 November 2020	1,785.78	1.25

33. Commitments and contingent liabilities

(Unit: Million Baht)

	As at 31 December		
	2020	2019	2018
Capital commitments – purchase of fixed assets	3,776	380	2,301
Commitments from guarantees and contingent liabilities			
Bank guarantees to guarantee electricity usage	64	59	56
Letters of credit with overseas suppliers (2020: USD16.7 million, 2019: USD11.8 million, 2018: USD0.8 million)	505	356	25
Bank guarantee for export transactions	11	–	–
The future aggregate minimum payments under non-cancellable lease and service agreements			
Not later than 1 year	10*	55	41
Later than 1 year but not later than 5 years	2*	14	4

* The balances as at 31 December 2020 were expense relating to leases of low-value assets as described in Note 7.9 to the consolidated financial statements.

34. Fair value measurements

As at 31 December 2020, 2019 and 2018, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows.

(Unit: Thousand Baht)

As at 31 December 2020				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Property and plant	–	–	3,237,435	3,237,435
Derivative financial instruments	–	39,555	–	39,555
Liabilities measured at fair value				
Derivative financial instruments	–	(90,432)	–	(90,432)

(Unit: Thousand Baht)

As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Property and plant	–	–	2,328,998	2,328,998
Derivative financial instruments	–	21,761	–	21,761
Liabilities measured at fair value				
Derivative financial instruments	–	(29,388)	–	(29,388)

(Unit: Thousand Baht)

As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Property and plant	–	–	2,257,334	2,257,334
Liabilities measured at fair value				
Derivative financial instruments	–	(2,012)	–	(2,012)

35. Financial instruments

35.1 Derivatives and hedge accounting

	(Unit: Thousand Baht)		
	2020	2019	2018
Derivative assets			
<i>Derivative assets not designated as hedging instruments</i>			
Foreign exchange options	8,953	3,814	–
Forward foreign exchange contracts	30,602	17,947	–
Total derivative assets	39,555	21,761	–
Derivative liabilities			
<i>Derivatives liabilities not designated as hedging instruments</i>			
Foreign exchange options	(45,903)	(883)	(2,012)
Forward foreign exchange contracts	(58)	–	–
Interest rate swap	–	(28,505)	–
<i>Derivatives liabilities designated as hedging instruments</i>			
Interest rate swap	(44,471)	–	–
Total derivative liabilities	(90,432)	(29,388)	(2,012)

Derivatives not designated as hedging instruments

The Group uses foreign exchange options and forward foreign exchange contracts to manage some of its transaction exposures. The contracts are entered into for the periods consistent with foreign currency exposure of the underlying transactions, generally from 1 month to 6 months.

Derivatives designated as hedging instruments

As at 31 December 2020, the Group had an interest rate swap agreement to hedge the exposure to cash flow volatility which the Group has to pay. The Group receives a variable rate of interest and pays fixed rate of interest.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the variable interest rate loan (i.e., interest rate, notional amount, maturity and payment dates). The Group has established a hedge ratio of 1:1.

Effect from interest rate benchmark reform

The Group has exposures to benchmark InterBank Offered Rates (“IBORs”) on its financial instruments that will be reformed within 31 December 2021. The Group anticipates that IBORs reform will impact its risk management and hedge accounting. The Group elects to early adopt the amendments to TFRS 9 and TFRS 7 relating to interest rate benchmark reform in 2020. These amendments are effective for fiscal years beginning on or after 1 January 2021. These amendments provide reliefs which enable the Group’s hedge accounting to continue during the period of uncertainty.

However, the Group monitors and evaluates the effect of IBORs reform and adheres to International Swaps and Derivatives Association (ISDA) protocol to transit to alternative benchmark rates after the IBORs reform. If the counterparties agree to adhere to ISDA protocol, the Company and the counterparties are not required to revise a bilateral contract.

35.2 Financial risk management objectives and policies

The Group’s financial instruments principally comprise cash and cash equivalents, trade accounts receivable, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored.

An impairment analysis is performed at each reporting date to measure expected credit losses. The allowance rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by geography and customer rating.

Cash deposits and financial instruments

The credit risk on cash deposits and financial instruments are limited because the Group has a policy to consider and approve credit limits assigned to each counterparty by the Group’s Board of Directors. The counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprising currency risk and interest rate risk. The Group enters into a variety of derivatives to manage its risk exposure, including:

- foreign exchange options and forward foreign exchange contracts to hedge the foreign currency risk arising on the export or import of goods;
- interest rate swaps to mitigate the risk of rising interest rates;

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange options and forward foreign exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2020, 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies were summarised below.

Foreign currency	Financial assets			Financial liabilities			Average exchange rate		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	86.99	39.57	35.64	50.56	10.98	7.93	30.0371	30.1540	32.4498

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2020.

The Group's exposure to foreign currency changes for all other currencies is not material.

Currency	Increase/ (decrease)	Effect on profit before tax
	(Percent)	(Thousand Baht)
US dollar	3.1	33,873
	(3.1)	(33,873)

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, short-term and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at 31 December 2020, 2019 and 2018, significant financial assets and liabilities classified by type of interest rate were summarised in the table below, with those financial assets and liabilities that carried fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

As at 31 December 2020

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (percent per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	6,000,000	–	–	18,050,163	138,591	24,188,754	0.05-0.60
Trade and other receivables	–	–	–	–	4,906,964	4,906,964	–
Total	6,000,000	–	–	18,050,163	5,045,555	29,095,718	
Financial liabilities							
Trade and other payables	–	–	–	–	3,573,447	3,573,447	–
Long-term borrowings from financial institutions	–	–	–	6,299,707	–	6,299,707	(1), (2)
Total	–	–	–	6,299,707	3,573,447	9,873,154	

(Unit: Thousand Baht)

As at 31 December 2019

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (percent per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	–	–	–	488,819	92,445	581,264	0.5-1.1
Trade and other receivables	–	–	–	–	1,611,825	1,611,825	–
Total	–	–	–	488,819	1,704,270	2,193,089	
Financial liabilities							
Trade and other payables	–	–	–	–	1,392,797	1,392,797	–
Short-term borrowings from financial institutions	–	–	–	263,848	–	263,848	(3)
Long-term borrowings from financial institutions	–	–	–	6,793,413	–	6,793,413	(1), (2)
Total	–	–	–	7,057,261	1,392,797	8,450,058	

(Unit: Thousand Baht)

As at 31 December 2018

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (percent per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	383	—	—	330,104	242,784	573,271	0.10-2.15
Trade and other receivables	—	—	—	—	1,922,234	1,922,234	—
Deposits at bank with restrictions	25,284	—	—	—	—	25,284	0.9
Total	25,667	—	—	330,104	2,165,018	2,520,789	
Financial liabilities							
Trade and other payables	—	—	—	—	1,262,953	1,262,953	—
Short-term borrowings from financial institutions	150,521	—	—	340,723	—	491,244	(1), (3)
Long-term borrowings from financial institutions	—	—	—	4,747,815	—	4,747,815	(1), (2)
Total	150,521	—	—	5,088,538	1,262,953	6,502,012	

(1) MLR less fixed rate per annum

(2) 6M THBFIX plus fixed rate per annum

(3) LIBOR plus fixed rate per annum

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of floating rate loans from financial institutions affected as at 31 December 2020, with all other variables held constant.

Increase (decrease)	Effect on profit before tax	Effect on equity
(Percent)	(Thousand Baht)	(Thousand Baht)
0.75	(47,248)	23,599
(0.75)	47,248	(23,599)

Liquidity risk

The Group implements liquidity risk management procedures through the use of loan from financial institution and leases. The Group's management assessed the risk relating to its ability to repay as low since the Group has accessed to sufficient and varied sources of funding and ability to request an extension to the repayment period for debts due within 12 months. Moreover, the management of the Group considers that there is sufficient working capital to meet the cash flows to be paid in the near future.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

	(Unit: Thousand Baht)			
	Less than 1 year	1-5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	2,320,204	–	–	2,320,204
Long-term loans	955,404	5,644,000	246,861	6,846,265
Lease liabilities	16,756	13,085	–	29,841
Total non-derivatives	3,292,364	5,657,085	246,861	9,196,310
Derivatives				
Foreign exchange options	45,903	–	–	45,903
Forward foreign exchange contracts	58	–	–	58
Interest rate swap	–	44,471	–	44,471
Total derivatives	45,961	44,471	–	90,432

35.3 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position. For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curve. The Group has considered to counterparty credit risk when determining the fair value of derivatives.

During the years ended 31 December 2020, 2019 and 2018, there were no transfers within the fair value hierarchy.

36. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

37. Events after the reporting period

Investments in capacity expansion projects

On 25 December 2020, the Extraordinary General Meeting of the Company's shareholders No. 1/2020 passed resolutions approving the following important matters.

1. The acquisition of the ordinary shares of Premier System Engineering Co., Ltd. (a subsidiary of the parent company) from the parent company 83.9992 percent and from Rubberland Products Co., Ltd. (a subsidiary of the parent company) 16.0000 percent of all shares with voting rights, for a total of Baht 1,120 million (in comparison with report of independent professional financial advisor)
2. The acquisition of the ordinary shares of Sadao P.S. Rubber Co., Ltd. (a subsidiary of the parent company) from the parent company 99.9985 percent of all shares with voting rights, for Baht 147 million (in comparison with report of the independent professional appraiser)
3. The purchase of land and buildings thereon located in Sadao, Songkhla from Anvar Parawood Co., Ltd. (a subsidiary of the parent company), for Baht 69 million (in comparison with report of the independent professional appraiser)
4. The purchase of land and buildings thereon located in Patew, Chumporn from the parent company, for Baht 177 million (in comparison with report of the independent professional appraiser)

In January 2021, the Company paid full payments to the parent and the related companies. In addition, ownership of the ordinary shares and land and buildings thereon was transferred to the Company in the same month.

Dividend payment

On 2 April 2021, the Annual General Meeting of the Company's shareholders meeting passed resolutions to approve a dividend payment in respect of operating results of 2020 to shareholders of Baht 2.0 per share, totaling of Baht 5,715.12 million, to the shareholders which were paid to the shareholders on 28 April 2021.

Fire incident

On 21 February 2021, there was a fire incident at the extension capacity of Surat Thani Province namely Surat Thani 2. The management have carried out an investigation to evaluate causes and related damage of the incident. Any property damage from the incident shall be fully compensated by insurance. In addition, the incident has not caused an interruption of the existing production facilities at Surat Thani or other production locations.

38. Approval of financial statements

These financial statements were authorised for issue by the authorised directors on 7 May 2021.

**INDEPENDENT AUDITOR'S REPORT AND UNAUDITED
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF SRI TRANG
GLOVES (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020**

Independent Auditor's Assurance Report on the Compilation of Pro Forma Financial Information

To the Board of Directors of Sri Trang Gloves (Thailand) Public Company Limited

I have completed the assurance engagement to report on the compilation of pro forma financial information of Sri Trang Gloves (Thailand) Public Company Limited ("the Company") and its subsidiaries ("the Group") by the management of the Group. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of changes in shareholders' equity for the year then ended, and notes to the pro forma financial information as set out on page B-5 to B-14 of the Introductory Document issued by the Company. The applicable criteria on the basis of which the management of the Company has compiled the pro forma financial information are specified in relevant regulations by the Singapore Exchange Securities Trading Limited ("SGX-ST") and described in Note 4 to the pro forma financial information.

The pro forma financial information has been compiled by the management of the Group to illustrate the impact of the Approval of Dividend for 2020 set out in Note 3 to the pro forma financial information on the Group's pro forma financial position as at 31 December 2020 and changes in shareholders' equity for the year then ended, as if the event had taken place on 31 December 2020. As part of this process, information about the Group's financial position as at 31 December 2020 and changes in shareholders' equity for the year then ended, which has been included in the pro forma financial information, has been extracted by the management of the Group from the consolidated financial statements of Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries for the years ended 31 December 2020, 2019, and 2018 prepared by the management in accordance with Thai Financial Reporting Standards, on which an audit report has been included in the Introductory Document as set out on page A-2 to A-6.

Responsibilities of Management and Those Charged with Governance for the Pro Forma Financial Information

Management is responsible for compiling the pro forma financial information on the basis described in Note 4 to the pro forma financial information.

Those charged with governance are responsible for overseeing this compilation of the Group's pro forma financial information.

Auditor's Independence and Quality Control

I have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants as issued by the Thailand Federation of Accounting Professions, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Thai Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

My responsibility is to express an opinion about whether the pro forma financial information has been compiled by the management, in all material respects, on the basis described in Note 4 to the pro forma financial information.

I conducted my engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that I plan and perform procedures to obtain reasonable assurance about whether the management has compiled the pro forma financial information, in all material respects, on the basis described in Note 4 to the pro forma financial information.

For purposes of this engagement, I am not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have I, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an Introductory Document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, I do not provide any assurance that the actual outcome of the event or transaction at 31 December 2020 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- a. The related pro forma adjustments give appropriate effect to those criteria; and
- b. The pro forma information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on my judgement, having regard to my understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion,

- (a) the pro forma financial information has been properly compiled:
 - (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited consolidated financial statements, which are in accordance with Thai Financial Reporting Standards;
 - (ii) on the basis of the applicable criteria stated in Note 4 to the pro forma financial information; and
- (b) each material adjustment made to the information used in the preparation of the pro forma financial information is appropriate for the purpose of preparing such unaudited financial information.

Restrictions on Use

I draw attention to Note 2 to the pro forma financial information which explain the purpose of the compilation of the pro forma financial information. The management has compiled this pro forma financial information for the purpose of inclusion in the Introductory Document in connection with the proposed secondary listing of the ordinary shares of the Company on the Main Board of Singapore Exchange Securities Trading Limited by way of introduction. As a result, it would be inappropriate to use or to refer to the pro forma financial information, including my report, for any purpose other than that stated above. My opinion is not modified in respect of this matter.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

EY Office Limited
Bangkok: 7 May 2021

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Unaudited pro forma consolidated statement of financial position

As at 31 December 2020

(Unit: Thousand Baht)

	Audited Consolidated Statement of Financial Position	Pro Forma Adjustments¹	Unaudited Pro Forma Consolidated Statement of Financial Position
Assets			
Current assets			
Cash and cash equivalents	24,188,754	(5,715,120)	18,473,634
Trade and other receivables	4,906,964	—	4,906,964
Inventories	3,033,589	—	3,033,589
Derivative financial instruments	39,555	—	39,555
Other current assets	969,254	—	969,254
Total current assets	33,138,116	(5,715,120)	27,422,996
Non-current assets			
Property, plant and equipment	9,521,412	—	9,521,412
Right-of-use assets	33,105	—	33,105
Intangible assets – computer software	99,526	—	99,526
Goodwill	220,885	—	220,885
Deferred tax assets	104,233	—	104,233
Other non-current assets	176,133	—	176,133
Total non-current assets	10,155,294	—	10,155,294
Total assets	43,293,410	(5,715,120)	37,578,290

The accompanying notes are an integral part of the unaudited pro forma consolidated financial information.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Unaudited pro forma consolidated statement of financial position (continued)

As at 31 December 2020

(Unit: Thousand Baht)

	Audited Consolidated Statement of Financial Position	Pro Forma Adjustments¹	Unaudited Pro Forma Consolidated Statement of Financial Position
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	3,573,447	–	3,573,447
Current portions of:			
– Long-term borrowings from financial institutions	774,216	–	774,216
– Lease liabilities	15,930	–	15,930
Income tax payable	1,360,397	–	1,360,397
Derivative financial instruments	45,961	–	45,961
Other current liabilities	55,305	–	55,305
Total current liabilities	5,825,256	–	5,825,256
Non-current liabilities			
Non-current portions of:			
– Long-term borrowings from financial institutions	5,525,490	–	5,525,490
– Lease liabilities	12,682	–	12,682
Derivative financial instruments	44,472	–	44,472
Deferred tax liabilities	68,044	–	68,044
Provision for retirement benefit obligations	119,969	–	119,969
Total non-current liabilities	5,770,657	–	5,770,657
Total liabilities	11,595,913	–	11,595,913

The accompanying notes are an integral part of the unaudited pro forma consolidated financial information.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Unaudited pro forma consolidated statement of financial position (continued)

As at 31 December 2020

(Unit: Thousand Baht)

	Audited Consolidated Statement of Financial Position	Pro Forma Adjustments¹	Unaudited Pro Forma Consolidated Statement of Financial Position
Equity			
Shareholders' equity			
Share capital			
Registered			
2,869,560,000 ordinary shares of Baht 0.5 each	1,434,780	—	1,434,780
Issued and fully paid			
2,857,560,000 ordinary shares of Baht 0.5 each	1,428,780	—	1,428,780
Premium on ordinary shares	14,243,225	—	14,243,225
Share-based payment reserve	8,153	—	8,153
Surplus from the amalgamation	483,695	—	483,695
Deficit from business combination under common control	(143,212)	—	(143,212)
Retained earnings			
Appropriated – statutory reserve	143,478	—	143,478
Unappropriated	15,239,045	(5,715,120)	9,523,925
Other components of shareholders' equity			
Surplus on revaluation of assets – net of income tax	328,350	—	328,350
Exchange differences on translation of financial statements in foreign currency	1,560	—	1,560
Cash flow hedge reserve – net of income tax	(35,577)	—	(35,577)
Total shareholders' equity	31,697,497	(5,715,120)	25,982,377
Total liabilities and shareholders' equity	43,293,410	(5,715,120)	37,578,290

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Director

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¹ The pro forma adjustments relate to the Approved Dividend amounting to Baht 5,715.12 million as described in Note 3 to the unaudited pro forma consolidated financial information.

The accompanying notes are an integral part of the unaudited pro forma consolidated financial information.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Unaudited pro forma consolidated statement of changes in shareholders' equity

As at 31 December 2020

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
Other components of shareholders' equity											
Other comprehensive income											
Retained earnings											
Exchange differences on translation of financial statements in foreign currency											
Surplus on revaluation of assets – net of income tax											
Cash flow hedge reserve – net of income tax											
Total other components of shareholders' equity											
Total shareholders' equity											
Issued and paid-up share capital											
Premium on ordinary shares											
Share-based payment reserve											
Surplus from the amalgamation											
Deficit from business combination under common control											
Appropriated – statutory reserve											
Unappropriated											
Balance as at 1 January 2020											
Cumulative effects of the initial adoption of new financial reporting standards											
Balance as at 1 January 2020 – as restated											
Profit for the year											
Other comprehensive income for the year											
Total comprehensive income for the year											

The accompanying notes are an integral part of the unaudited pro forma consolidated financial information.

Unaudited pro forma consolidated statement of changes in shareholders' equity (continued)

(Unit: Thousand Baht)

B-8

The accompanying notes are an integral part of the unaudited pro forma consolidated financial information.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Unaudited pro forma consolidated statement of changes in shareholders' equity (continued)

As at 31 December 2020

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
	Other components of shareholders' equity											
	Retained earnings						Other comprehensive income					
	Issued and paid-up share capital	Premium on ordinary shares	Share-based payment reserve	Surplus from the amalgamation	Deficit from business combination under common control	Appropriated – statutory reserve	Unappropriated	Surplus on revaluation of assets – net of income tax	Exchange differences on translation of financial statements in foreign currency	Cash flow hedge reserve – net of income tax	Total other components of shareholders' equity	Total shareholders' equity
Audited consolidated statement of changes in shareholders' equity	1,428,780	14,243,225	8,153	483,695	(143,212)	143,478	15,239,045	328,350	1,560	(35,577)	294,333	31,697,497
Pro forma adjustments ¹	–	–	–	–	–	–	(5,715,120)	–	–	–	–	(5,715,120)
Unaudited pro forma consolidated statement of changes in shareholders' equity	1,428,780	14,243,225	8,153	483,695	(143,212)	143,478	9,523,925	328,350	1,560	(35,577)	294,333	25,982,377

¹ The pro forma adjustments relate to the Approved Dividend amounting to Baht 5,715.12 million as described in Note 3 to the unaudited pro forma consolidated financial information.

The accompanying notes are an integral part of the unaudited pro forma consolidated financial information.

Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries

Notes to the unaudited pro forma consolidated financial information

As at 31 December 2020

1. General information

Sri Trang Gloves (Thailand) Public Company Limited (“the Company”) is a public company, which is incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of rubber gloves. The registered office of the Company is at 110 Kanjanavanit Road, Pahtong, Hat Yai, Songkhla, Thailand.

The subsidiaries are principally engaged in the distribution of rubber gloves. The Company hold 100.0% interest in the subsidiaries.

For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

2. Purpose of compilation of the unaudited pro forma consolidated financial information

The unaudited pro forma consolidated financial information has been prepared by the management of the Company to be included in the Introductory Document for the proposed secondary listing of the ordinary shares of the Company on the Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”).

3. Significant event

Approval of Dividend for 2020

On 2 April 2021, the Annual General Meeting of the Company’s shareholders meeting passed resolutions to approve a dividend payment in respect of operating results of 2020 to shareholders of Baht 2.0 per share, totaling of Baht 5,715.12 million, to the shareholders which were paid to the shareholders on 28 April 2021. The amount of cash dividend paid by the Company is not taken into account in the event that the share register is closed or some shareholders do not receive the dividend due to relevant legal restrictions.

4. Basis of preparation of the unaudited pro forma consolidated financial information

- (a) The applicable criteria on the basis for the compilation of the pro forma financial information are specified in the Fifth Schedule to the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 and the listing rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”).
- (b) The unaudited pro forma consolidated financial information, which comprises the unaudited pro forma consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of changes in shareholders’ equity for the year then ended, and notes to the pro forma financial information (collectively referred to as “the unaudited pro forma consolidated financial information”) has been prepared for illustrative purposes only. It has been prepared based on a certain assumption and after making a certain adjustment to show what the unaudited pro forma consolidated financial position and changes in shareholders’ equity of the Group as at 31 December 2020 would have been if the Approval of Dividend for 2020, including the approval by the Company’s shareholder meeting, as described in Note 3 had taken place on 31 December 2020.

The objective of the unaudited pro forma consolidated financial information is to illustrate what the historical financial information would have been had the Approval of Dividend for 2020 occurred on 31 December 2020. However, the unaudited pro forma consolidated financial information is not necessarily indicative of the results of operations or related effects on financial position and changes in shareholders' equity that would have occurred, had the transaction actually taken place on or before the beginning of the period covered by the unaudited pro forma consolidated financial information. The preparation of the unaudited pro forma consolidated financial information involved certain assumptions. Therefore, users should exercise due care and take into consideration that the unaudited pro forma consolidated financial information may not be appropriate to be used for any purposes other than those described above in Note 2 to the unaudited pro forma consolidated financial information.

- (c) The unaudited pro forma consolidated financial information is based on the audited consolidated financial statement of the Group for the year ended 31 December 2020 which was extracted from the audited consolidated financial statements of the Group for the years ended 31 December 2020, 2019, and 2018 prepared in accordance with Thai Financial Reporting Standards.

The audited consolidated financial statements of the Group for the years ended 31 December 2020, 2019 and 2018 were audited by the auditor of the Company. The independent auditor's reports relating to the abovementioned audited financial statements were not subject to any qualification. The audited consolidated financial statements together with the auditor's report thereon are included in the Introductory Document.

- (d) The unaudited pro forma consolidated financial information is not presented in a full set of financial statements. It does not include the unaudited pro forma consolidated statement of comprehensive income and cash flows for the year ended 31 December 2020 and the disclosures required by Thai Financial Reporting Standard. However, the Approval of Dividend for 2020, if assumed to be in existence on 31 December 2020, unaudited pro forma statements of comprehensive income, and cash flows for the year ended 31 December 2020 would be the same, in all material respects, as the audited consolidated statements of comprehensive income and cash flows for the year ended 31 December 2020. In addition, the unaudited pro forma consolidated financial information does not present the separate financial statements of Sri Trang Gloves (Thailand) Public Company Limited.
- (e) The unaudited pro forma consolidated financial information is prepared and presented in Thai Baht and has been rounded to the nearest thousand Baht, as stated.

5. Significant accounting policies

The unaudited pro forma consolidated financial information is prepared using the same accounting policies as the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 as disclosed in Note 7 to the consolidated financial statements of Sri Trang Gloves (Thailand) Public Company Limited and its subsidiaries for the financial years ended 31 December 2020, 2019 and 2018.

6. Approval of the unaudited pro forma consolidated financial information

The unaudited pro forma consolidated financial information was authorised for issue by the authorised directors on 7 May 2021.

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COMPARISON OF THAI CORPORATE LAW AND SINGAPORE CORPORATE LAW

The following table sets out a summary of certain differences between the PLCA applicable to us and the Singapore Companies Act applicable to Singapore-incorporated companies. This comparison does not purport to be comprehensive or exhaustive. This comparison is being provided for information only and should not be regarded as advice on the PLCA or the differences between it and the laws of any jurisdiction, including but not limited to the Singapore Companies Act, and should not be relied on for any purpose.

No. Thai Corporate Law

Singapore Corporate Law

Power of Directors to Allot and Issue Shares

1. The power to issue new shares in a company lies with the shareholders. The PLCA stipulates that a company may increase the amount of its registered capital by the issuance of new shares under these conditions:

- (a) all the shares have been completely sold and paid-up in full, or if the shares have not been completely sold, the remaining authorised shares shall be those which are authorised to be used for the exercise of rights under convertible debentures or warrants to purchase shares;
- (b) a resolution has been passed at a shareholders' meeting by shareholders holding not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote; and
- (c) the said resolution has been submitted to the registrar for the registration of a change in the registered capital within 14 days of the date on which the meeting passed the resolution.

The power to issue shares in a company is usually vested with the directors of that company subject to any restrictions in the constitution of that company. However, notwithstanding anything to the contrary in the constitution of a company, prior approval of the company at a general meeting is required to authorise the directors to exercise any power of the company to issue shares, or the share issue is void under the Singapore Companies Act. Such approval need not be specific but may be general and, once given, will only continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier, provided that such approval has not been previously revoked or varied by the company in a general meeting.

Therefore, the board of directors of a company has no power to issue or allocate new shares. Generally, the board of directors will propose this matter to a shareholders' meeting for further consideration and approval.

The shareholders' meeting, however, may authorise the board of directors, any authorised directors, or any person as it deems appropriate to have the power to specify other details and to perform acts and things in relation to the issuance and offering of shares.

Power of Directors to Dispose of the Company's or its Subsidiaries' Assets

2. Pursuant to the PLCA, the board of directors has the power and duty to manage a company in compliance with the laws, objectives and the articles of associations of the company as well as the resolutions of shareholders in good faith and with care to preserve the best interests of the company. A resolution passed by shareholders holding not less than three-fourths of the total number of votes of shareholders who attend the meeting and have the right to vote is required for the sale or transfer of the whole or important parts of the business of a company to other persons.

The Singapore Companies Act provides that the business of a company is to be managed by, or under the direction or supervision of, the directors. The directors may exercise all the powers of a company except any power that the Singapore Companies Act or the constitution of the company requires the company to exercise in a general meeting.

Under the Singapore Companies Act, prior approval of the company at a general meeting is required before the directors can carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property, notwithstanding anything in a company's constitution.

Loans to Directors

3. A company shall not grant a loan (including a guarantee for a purchase or discount on a bill of exchange and the provision of collateral for the repayment of a loan) to any directors, staff members or employees of a company unless:

- (a) it is a loan in accordance with the regulations on the welfare of the staff members and employees; or
- (b) it is a loan in accordance with laws relating to commercial banking, life insurance or other laws.

Please note that the granting of a loan in the following cases shall be regarded as the granting of a loan to a director, staff member or employee of a company under the first paragraph:

- (a) the granting of a loan to the spouse or underage child of such director, staff member or employee;
- (b) the granting of a loan to an ordinary partnership in which such director, staff member or employee, or spouse or underage child of a director, staff member or employee, is a partner;

Subject to certain exceptions, a company (other than an exempt private company), shall not make the following transactions:

- (a) make a loan or quasi-loan to a director (i) of the company, or (ii) of a related company (hereinafter referred to as a "relevant director");
- (b) enter into any guarantee or provide any security in connection with a loan or quasi-loan made to a relevant director by any other person;
- (c) enter into a credit transaction as creditor for the benefit of a relevant director;
- (d) enter into any guarantee or provide any security in connection with a credit transaction entered into by any person for the benefit of a relevant director;
- (e) take part in an arrangement under which: (i) another person enters into a transaction which, had it been entered into by the company, would have been a restricted transaction under limbs (a), (b), (c), (d) or (f); and (ii) that person, in pursuance of the arrangement, obtains a benefit from the company or a related company;

No. Thai Corporate Law

- (c) the granting of a loan to a limited liability partnership in which such director, staff member or employee, or spouse or underage child of a director, staff member or employee, is a partner with unlimited liability; or
- (d) the granting of a loan to another company or private company in which such director, staff member or employee, or spouse or underage child of such director, staff member or employee holds in aggregate more than one half of the total number of shares of such other company or private company.

Singapore Corporate Law

- (f) arrange the assignment to the company, or assumption by the company, of any rights, obligations or liabilities under a transaction which, had it been entered into by the company, would have been a restricted transaction under limbs (a) to (e),

(together, the “**restricted transactions**”).

Notwithstanding the foregoing, a company is not prohibited from making the above restricted transactions in the following circumstances:

- (a) (subject to, among others, the prior approval of the company in a general meeting at which the purposes of the expenditure and the amount or extent of the restricted transaction are disclosed) where the restricted transaction is made to or for the benefit of a relevant director to meet expenditure incurred or to be incurred by him for the purposes of the company or for the purpose of enabling him to properly perform his duties as an officer of the company;
- (b) (subject to, among others, the prior approval of the company in a general meeting at which the purposes of the expenditure and the amount or extent of the restricted transaction are disclosed) where the restricted transaction is made to or for the benefit of a relevant director who is engaged in the full-time employment of the company or a related corporation for the purpose of purchasing or otherwise acquiring a home occupied or to be occupied by that director, except that not more than one such restricted transaction may be outstanding at any time;
- (c) where the restricted transaction is made in accordance with a scheme that is approved by the company at a general meeting for the making of such transaction to or for the benefit of employees and made to or for the benefit of a relevant director who is engaged in the full-time employment of the company or a related corporation; or

No. Thai Corporate Law

Singapore Corporate Law

- (d) where the restricted transaction is made to or for the benefit of a relevant director in the ordinary course of business of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans, quasi-loans or credit transactions made or entered into by other persons if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the MAS.

Subject to certain exceptions, it is not lawful for a company (other than an exempt private company) to:

- (a) make a loan or quasi-loan to another company, a limited liability partnership or a VCC;
- (b) enter into any guarantee or provide any security in connection with a loan or quasi-loan made to another company, a limited liability partnership or a VCC by a person other than the first-mentioned company;
- (c) enter into a credit transaction as creditor for the benefit of another company, a limited liability partnership or a VCC; or
- (d) enter into any guarantee or provide any security in connection with a credit transaction entered into by any person for the benefit of another company, a limited liability partnership or a VCC,

if a director or directors of the first-mentioned company is or together are interested in 20.0% or more of the total voting power in the other company, the limited liability partnership or the VCC, as the case may be, unless prior approval by the company in general meeting had been obtained for the making of, provision for or entering into the loan, quasi-loan, credit transaction, guarantee or security (as the case may be) at which the interested director or directors and his or their family members have abstained from voting.

No. Thai Corporate Law

Singapore Corporate Law

Additionally, a company (other than an exempt private company) shall not:

- (a) take part in an arrangement under which: (i) another person enters into a transaction that, if it had been entered into by the company, would have required approval as mentioned in the above paragraph; and (ii) that person, in pursuance of the arrangement, obtains a benefit from the company or a related company; or
- (b) arrange the assignment to it, or assumption by it, of any rights, obligations or liabilities under a transaction that, if it had been entered into by a company, would have required such approval,

unless there is prior approval by the company in general meeting for taking part in such an arrangement or for arranging the assignment or assumption of rights, obligations or liabilities under such a transaction at which the interested director or directors or his or their family members abstained from voting.

The restrictions in the above two paragraphs do not apply to:

- (a) anything done by a company where the other company (whether that company is incorporated in Singapore or otherwise) or VCC is its subsidiary or holding company or a subsidiary of its holding company; or
- (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the MAS.

For these purposes:

- (a) a “related corporation” of a company means its holding company, its subsidiary and a subsidiary of its holding company;
- (b) “credit transaction” means a transaction under which one party (the “**creditor**”)
 - (i) supplies any goods or disposes of any immovable property under a hire-purchase agreement or a conditional sale agreement, (ii) leases or hires any immovable property or goods in return for periodic payments, or (iii) otherwise disposes of immovable property or supplies goods or services on the understanding that payment (whether in a lump sum or instalments or by way of periodic payments or otherwise) is to be deferred;
- (c) “quasi-loan” means a transaction under which the creditor agrees to pay, or pays otherwise than in pursuance of an agreement, a sum for another (the “borrower”) or agrees to reimburse, or reimburses otherwise than in pursuance of an agreement, expenditure incurred by another party for another (the “borrower”), (i) on terms that the borrower (or person on his behalf) will reimburse the creditor, or (ii) in circumstances giving rise to a liability on the borrower to reimburse the creditor; and
- (d) “VCC” means a VCC or variable capital company as defined in Section 2(1) of the Variable Capital Companies Act 2018;

Giving of Financial Assistance to Purchase the Issuer's or its Holding Company's Shares

4. No equivalent prohibition under Thai law. However, if a person who borrows money from the company to purchase the company's shares is a nominee of that company, this will constitute the purchase by the company of its own shares, which is prohibited under the PLCA. The PLCA only permits a company to own its shares in certain circumstances.

Generally, a public company or a company whose holding company or ultimate holding company is a public company is prohibited from giving financial assistance, whether directly or indirectly, for the purpose of, or in connection with:

- (a) the acquisition by any person, whether before or at the same time as the giving of financial assistance, of (i) shares or units of shares in the company, or (ii) shares or units of shares in a holding company or ultimate holding company, as the case may be, of the company; or
- (b) the proposed acquisition by any person, of that company's shares or units of shares or shares or units of shares in its holding company or ultimate holding company.

Financial assistance includes the making of a loan, the giving of a guarantee, the provision of security, the release of an obligation or the release of a debt or otherwise. Certain transactions are specifically provided by the Singapore Companies Act not to be prohibited. These include the distribution of a company's assets by way of dividends lawfully made, a distribution in the course of a company's winding up, a payment by a company pursuant to a reduction of capital in accordance with the Singapore Companies Act, the giving by a company in good faith and in the ordinary course of commercial dealing of any representation, warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase, shares or units of shares in the company, and the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in the company permitting the subscriber to make payments for the shares by instalments.

No. Thai Corporate Law

Singapore Corporate Law

The Singapore Companies Act further provides that a company can give financial assistance in certain circumstances, including but not limited to:

- (a) where the amount of financial assistance does not exceed 10.0% of the aggregate of the total paid-up capital and reserves of the company as disclosed in the most recent financial statements of the company and the company receives fair value in connection with the financial assistance;
- (b) where the financial assistance is approved unanimously by the shareholders of the company; and
- (c) where giving the financial assistance does not materially prejudice the interests of the company or its shareholders or the company's ability to pay its creditors,

if certain conditions and procedures under the Singapore Companies Act are complied with. Where the company is a subsidiary of a listed corporation or a subsidiary whose ultimate holding company is incorporated in Singapore, the listed corporation or the ultimate holding company, as the case may be, is also required to pass a special resolution to approve the giving of the financial assistance.

Disclosure of Interest in Contracts with the Issuer

5. The PLCA specifies that a director shall notify a company without delay when the following events occur:

- (a) he or she has a direct or indirect interest in any contract which is entered into by the company during any fiscal year, whereby he or she shall indicate the nature of the contract, the names of the contracting parties and the interest of the director in the contract; or
- (b) he or she holds shares or debentures issued by the company or its affiliated company, and shall indicate any change in the total number of shares or debentures during any fiscal year (if any).

The Singapore Companies Act provides that, where a director or chief executive officer of a company is in any way, whether directly or indirectly, interested in a transaction or proposed transaction with that company, such director or chief executive officer must, as soon as practicable after the relevant facts have come to his knowledge, (a) declare the nature of his interest at a meeting of directors of the company; or (b) send a written notice to the company containing details on the nature, character and extent of his interest in the transaction or proposed transaction with the company. For these purposes, an interest of a member of a director's or chief executive officer's family (this includes his spouse, natural, step and adopted children) is treated as an interest of that director or chief executive officer.

No. Thai Corporate Law

In addition, a director shall not operate any business which has the same nature as and is in competition with the business of the company, or become a partner in an ordinary partnership or become a partner with unlimited liability in a limited partnership or become a director of a private company or any other company operating a business which has the same nature as and is in competition with the business of the company, either for his or her own benefit or for the benefit of other persons, unless he or she notifies the shareholders' meeting prior to the consideration of the resolution for his or her appointment as a director of the company.

In the board of directors' meeting, a director who has interests in any matter shall not be entitled to vote on such matter.

If any director purchases property of the company or sells property to the company or conducts any business with the company, regardless of whether it is in his or her own name or in the name of another person, such sale and purchase or business shall not bind the company unless approved by the board of directors.

In addition, under the SEC Act, directors and executives shall file with the company a report on their interests or related persons' interests in relation to management of the company or the subsidiary in accordance with the rules, conditions and procedures specified in the Notification of the Capital Market Supervisory Board No. Tor Jor. 2/2552 Re: Reporting of Interests of Directors, Executives and Related Persons.

Singapore Corporate Law

The Singapore Companies Act also provides that every director or chief executive officer of a company who holds any office or possesses any property whereby, whether directly or indirectly, any duty or interest might be created in conflict with his duties or interests as director or chief executive officer (as the case may be) shall (a) declare at a meeting of the directors of the company the fact and the nature, character and extent of the conflict; or (b) send a written notice to the company setting out the fact and the nature, character and extent of the conflict. For this purpose, an interest of a member of a director's or chief executive officer's family (this includes his spouse, natural, step and adopted children) shall be treated as an interest of the director or chief executive officer.

Remuneration

6. The PLCA provides that a company shall not pay money or give any property to any director unless it is payment of remuneration in accordance with the articles of association of that company.

In the case that the articles of association do not stipulate such matters, the payment of remuneration shall be approved by way of a resolution passed by shareholders holding not less than two-thirds of the total number of votes of the shareholders present at the meeting.

The Singapore Companies Act provides that a company shall not provide emoluments or improve emoluments for a director in respect of his office as such unless the provision has been approved by a resolution that is not related to other matters, and any resolution passed in breach of this provision is void.

For these purposes, the term “emoluments” in relation to a director includes fees and percentages, expenses allowance in so far as those sums are charged to income tax in Singapore, contributions paid in respect of a director under any pension scheme and any benefits received by him otherwise than in cash in respect of his services as a director.

Number, Qualification and Appointment of Directors

7. Under the PLCA, a company shall have a board of directors to conduct the business of the company consisting of at least five directors, not less than half of whom shall reside within Thailand.

The PLCA, the SEC Act and the Notification of the Securities and Exchange Commission No. Kor Jor. 3/2560 Re: Determination of Untrustworthy Characteristics of Company Directors and Executives also set out the qualifications of a director. These qualifications include that the directors shall be natural persons and shall:

- (a) be of legal age;
- (b) not be bankrupt, incompetent or quasi-incompetent;
- (c) have never been imprisoned in accordance with the final judgement of a court for an offence committed with dishonest intent related to property;
- (d) have never been dismissed or removed from government service, or a government organisation or a government agency in punishment for dishonesty in performing their duties;

Under the Singapore Companies Act, every company must have at least one director who is ordinarily resident in Singapore. Where the company has only one member, that sole director may also be the sole member of the company.

No person other than a natural person who has attained the age of 18 years and who is otherwise of full legal capacity can be a director of a company. Every director, who is by the constitution of the company required to hold a specified share qualification and who is not already qualified, must obtain his qualification within two months after his appointment or such shorter period as is fixed by the constitution of the company.

Unless the constitution of the company otherwise provides, a company may appoint a director by ordinary resolution passed at a general meeting.

Subject to the provisions of the Singapore Companies Act, the constitution of a company may also empower the board of directors to appoint any directors to fill a casual vacancy or an additional director.

- (e) not be banned from holding or resuming the position of director, manager, person with managerial power, or advisor to a financial institution on the grounds of having prohibited characteristics under the Law on Supervision of Financial Institutions, under either Thai or foreign law, provided that such prohibited characteristics are related to any of the following matters:
 - (i) performing duties dishonestly, or engaging in dishonest, deceitful or fraudulent acts against assets;
 - (ii) managing work in violation of the law or in contravention of the orders of the regulator, or managing or administering work inappropriately;
 - (iii) acting in violation of the law or acting unfairly or taking advantage of others.
- (f) have not been sentenced to imprisonment by a court's final judgement and a three-year interval has not yet passed after either the person completed the term of imprisonment or the period of sentence suspension ended, for any of the following offences:
 - (i) an offence under Paragraph 2 of Section 281/2, Section 289 in conjunction with Section 90 (only in the case of public fraud) or Section 306 to Section 315 of the SEC Act;
 - (ii) an offence under Section 92 to Section 100, Section 125 in conjunction with Section 16 (only in the case of public fraud) or Section 145 to Section 150 of the Derivatives Act B.E. 2546 (2003).

- (g) have not been sentenced to imprisonment and by the court's final judgement and an interval of three years has not yet passed after either the person completed the term of imprisonment or the period of suspension of imprisonment ended, provided that the action taken hereto shall be based upon the commission of public offences regarding deceitful, fraudulent or dishonest management of assets;
- (h) have not been subject to the court's final order of asset seizure for public revenue under the Anti-Corruption Act, the Anti-Money Laundering Act or any other similar law and an interval of three years has not yet passed after the date on which the court issued such order; and
- (i) have no forbidden characteristics constituting an offence under (vi), which are grounds for the SEC to file a criminal complaint against such person with the inquiry official, and being under investigation by the inquiry official, or under consideration and prosecution of the public attorney, or the deliberation procedure in court.

The PLCA further states that there shall be no restrictions on a shareholder becoming a director.

Pursuant to the PLCA, unless otherwise prescribed by a company in its articles of association, the directors shall be elected at the shareholders' meeting in accordance with the following rules and procedures:

- (a) each shareholder shall have votes equal to the number of shares held by such shareholder multiplied by the number of directors to be elected;
- (b) each shareholder may exercise all the votes he or she has under sub-clause (i) above to elect one or several persons as director or directors. In the case of electing several persons to be directors, the shareholder may allot his or her votes to any person in any number; and

- (c) the persons who received the highest number of votes in the respective order are elected as directors in accordance with the intended number of directors; and, in the case where any persons have equal votes and the number of elected persons would exceed the number of directors intended to be elected, then they shall be elected by drawing lots for the purpose of achieving the intended number of directors.

However, if the articles of association of a company stipulate other procedures for election of directors, such articles of association shall not preclude the shareholders' rights to vote on the election of directors.

In the case of a vacancy on the board of directors for reasons other than the expiration of a director's term of office, for example death, resignation or lack of qualifications or possession of prohibited characteristics, the board of directors shall elect a person who has qualifications and possesses no prohibited characteristics as the substitute director at the next meeting of the board of directors, unless the remaining term of office of the said director is less than two months. The substitute director shall hold office only for the remaining term of the replaced director. The resolution of the board of directors shall be by a vote of not less than three-fourths of the number of remaining directors.

In event the whole board of directors vacates office, the retired board of directors shall call a shareholders' meeting to elect a new board of directors within one month of its date of retirement.

In the case of vacancies on the board of directors resulting in the number of directors being less than the number required for a quorum, the remaining directors may perform any act in the name of the board of directors only in matters relating to the calling of shareholders' meeting to elect directors to replace all the vacancies within one month of the date that the number of directors falls below the number required for a quorum. The substitute director shall hold office only for the remaining term of the replaced director.

Independent Directors

8. According to the Notification of the Capital Market Supervisory Board No. Tor Jor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares, at least one third of the board of the company shall be independent directors, and in any case, the number of independent directors shall not be less than three. An independent director of a Thai issuer company must have the following qualifications:

- (a) holding shares not exceeding 1.0% of the total number of shares with voting rights of the company, its parent company, subsidiary company, associate company²⁷, major shareholder or controlling person, including shares held by related persons of such independent director;
- (b) neither being nor having been an executive director, employee, staff, advisor who receives a salary, or controlling person of the company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status ended not less than two years prior to the date of filing an application with the office of the SEC. Such prohibited characteristics shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the company;

Under the Singapore Companies Act, there is no requirement for a company incorporated in Singapore to have an independent director. However, the Listing Manual which applies to companies listed on the Main Board of the SGX-ST contains requirements relating to board composition.

The issuer's board must have at least two non-executive directors who are independent and free of any material business or financial connection with the issuer. In the case of a foreign issuer, at least two of these directors must be resident in Singapore.

We have obtained from the SGX-ST a waiver from compliance with Rule 221 of the Listing Manual, which requires a foreign issuer to have at least two independent directors resident in Singapore, subject to certain conditions. See *"Our Listing on the SGX-ST – Obligations under the SGX-ST Listing Manual"* for further details.

In addition, the Code of Corporate Governance issued by the Authority requires that at least one-third of the board be independent. Compliance with the Code of Corporate Governance is not mandatory but listed companies are required under the Listing Manual to describe their corporate governance practices with specific references to the principles of the Code of Corporate Governance, as well as disclose and explain any deviation therefrom, in their annual reports.

The requirement that independent directors comprise at least one-third of the issuer's board will be codified into the Listing Manual with effect from 1 January 2022.

²⁷ "associate company" means a company in which the issuer or its subsidiary has power to participate in making decisions on financial policies and operational matters, but not insomuch as to have control over such policies, and which is not deemed as a subsidiary or joint venture. In the case of a company whose shares are directly or indirectly held by the issuer or its subsidiary in an aggregate of more than 20.0% but not exceeding 50.0% of the total number of shares with voting rights of the company, it is presumed that the issuer or its subsidiary has power to participate in making decisions as aforementioned, unless otherwise proven.

- (c) not being a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the company or its subsidiary company;
- (d) neither having nor have had a business relationship with the company, its parent company, subsidiary company, associate company, major shareholder or controlling person, in a manner which may interfere with his or her independent judgement, and neither being nor having been a significant shareholder or controlling person of any person having a business relationship with the company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship ended not less than two years prior to the date of filing an application with the office of the SEC;
- (e) neither being nor having been an auditor of the company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the office of the SEC;
- (f) neither being nor having been a provider of any professional services, including as legal advisor or financial advisor, who receives service fees exceeding two million Baht per year from the company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship ended not less than two years prior to the date of filing an application with the office of the SEC;

No. Thai Corporate Law

Singapore Corporate Law

- (g) not being a director appointed as representative of directors of the company, major shareholder or shareholder who is related to the major shareholder;
- (h) not undertaking any business of the same nature and in competition with the business of the company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, or advisor who receives salary or holds more than 1.0% of the total number of shares with voting rights of a company which undertakes business of the same nature and in competition with the business of the company or its subsidiary company; and
- (i) not having any other characteristics which interfere with the ability to express independent opinions with regard to the company's business operations.

Audit Committee

9. According to the Notification of the Capital Market Supervisory Board No. Tor Jor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares and the Notification of the Stock Exchange of Thailand Re: Qualifications and Scope of Work of the Audit Committee B.E. 2558 (2015), a listed company must have an audit committee with at least three members and each audit committee member must be appointed by the board of directors or shareholders' meeting and must also be an independent director. In addition, a member of the audit committee shall possess the qualifications as follows:

- (a) not be a director assigned by the board of directors to take part in the business decisions of the company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person;

Under Section 201B of the Singapore Companies Act, every company that is incorporated and listed in Singapore, is required to have an audit committee.

Such an audit committee shall be appointed by the directors from among their number and shall be composed of three or more members of whom a majority shall not be:

- (a) executive directors of the company or any related corporation;
- (b) a spouse, parent, brother, sister, son or adopted son or daughter or adopted daughter of an executive director of the company or of any related corporation; or
- (c) any person having a relationship which, in the opinion of the board of directors, would interfere with the exercise of independent judgement in carrying out the functions of an audit committee.

No. Thai Corporate Law

- (b) not be a director of a parent company, subsidiary company or same-level subsidiary company which is a listed company;
- (c) have the same duties as those prescribed in the Notification of the Stock Exchange of Thailand Re: Qualifications and Scope of Work of the Audit Committee B.E. 2558 (2015); and
- (d) have sufficient knowledge and experience to perform duties as an audit committee member, provided that at least one member of the audit committee shall have sufficient knowledge and experience to review the reliability of financial statements.

Singapore Corporate Law

Further guidelines on the composition of the audit committee are set out in the Code of Corporate Governance, namely:

- (a) the audit committee should comprise at least three directors, the majority of whom including the audit committee chairman, should be independent;
- (b) all of the members of the audit committee should be non-executive directors; and
- (c) at least two members of the audit committee, including the audit committee chairman, have recent and relevant accounting or related financial management expertise or experience.

Disqualification of Directors

8. Under the PLCA and the SEC Act, a person may not act as a director of a company if he or she:

- (a) lacks qualifications or possesses prohibited characteristics as mentioned above;
- (b) is removed by a resolution of the shareholders' meeting, with the votes of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote, with the aggregate number of shares of not less than one half of the number of shares held by the shareholders attending the meeting and having the right to vote;
- (c) is removed by a court order; or
- (d) possesses any characteristic indicating a lack of appropriateness in respect of trustworthiness in managing a business whose shares are held by public shareholders under Section 89/3 of the SEC Act and the Notification of the Securities and Exchange Commission No. Kor Jor. 3/2560 Re: Determination of Untrustworthy Characteristics of Company Directors and Executives.

Under the Singapore Companies Act, a person may not act as a director of, or directly or indirectly take part in or be concerned in the management of, any corporation if he is an undischarged bankrupt unless he has the leave of the Singapore courts or the written permission of the Official Assignee appointed under the Insolvency, Restructuring and Dissolution Act 2018 of Singapore, to do so.

A person may be disqualified from acting as a director of a company by the Singapore courts for a period not exceeding five years if: (a) he is or has been a director of a company which has at any time gone into liquidation (whether while he was a director or within three years of his ceasing to be a director) and was insolvent at that time; and (b) his conduct as director of that company either taken alone or taken together with his conduct as a director of any other company or companies makes him unfit to be a director of or in any way, whether directly or indirectly, be concerned in, or take part in, the management of a company.

A person may, subject to certain exceptions, also be disqualified from acting as a director or in any way, directly or indirectly, being concerned in, or from taking part in, the management of any company or foreign company by the Singapore courts for a period of three years if he is a director of a company which is ordered to be wound up by the Singapore courts on the ground that it is being used for purposes against national security or interest.

Where a person is convicted in Singapore of (a) any offence in connection with the formation or management of a corporation; or (b) any offence under Sections 157 or 396B of the Singapore Companies Act; or (c) any offence under Sections 237 or 239 of the Insolvency, Restructuring and Dissolution Act 2018, the Singapore courts may make a disqualification order against the person in addition to any other sentence imposed, and, in that instance, the person shall not act as a director, or take part (whether directly or indirectly) in the management of a company, or of a foreign company to which Division 2 of Part XI of the Singapore Companies Act applies, during the period of the disqualification or disqualification order.

A person could also be disqualified from acting as a director on other grounds, such as, (a) conviction of: (i) any offence (whether in Singapore or elsewhere) involving fraud or dishonesty which is punishable with imprisonment for three months or more; or (ii) any offence under Part XII of the SFA, where the conviction was on or after 1 July 2015; (b) if the person is subject to the imposition of a civil penalty under Section 232 of the SFA on or after 1 July 2015; or (c) if he has been convicted of three or more offences, or has had three or more orders made against him, in relation to defaults under the requirements of the Singapore Companies Act in filing, delivering or sending any return, account or other document, or giving notice of any matter to be given to the Registrar of Companies in Singapore, and not more than five years have passed since he was last convicted, or had an order made against him.

Resignation of Directors

9. Under the PLCA, any director wishing to resign from office shall submit his/her resignation letter to the company, and the resignation shall be effective from the date on which the company receives the resignation letter.

Under the Singapore Companies Act, in general, unless the constitution of the company otherwise provides, a director of a company may resign by giving the company a notice in writing of his resignation, and the resignation of a director shall not be conditional upon the company's acceptance of his resignation. However, a director of a company cannot resign or vacate his office unless there is remaining in the company at least one director who is ordinarily resident in Singapore. Any purported resignation or vacation of office in breach of this is deemed to be invalid.

Removal of Directors

10. Under the PLCA, the shareholders' meeting may pass a resolution removing any directors from office prior to retirement as a result of the expiration of the directors' terms, with the votes of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote, with the aggregate number of shares of not less than one half of the number of shares held by shareholders attending the meeting and having the right to vote.

In addition, directors may be removed from office by a court order.

A director of a public company may be removed before the expiration of his period of office by an ordinary resolution (which requires special notice to be given in accordance with the provisions of the Singapore Companies Act) of the shareholders, notwithstanding anything in the constitution of that company or in any agreement between that company and the director, but where any director so removed was appointed to represent the interests of any particular class of shareholders or debenture holders, the resolution to remove him shall not take effect until his successor has been appointed.

Subject to the provisions of the Singapore Companies Act, the constitution of a company may prescribe the manner in which a director may be removed from office before the expiration of his term of office.

Mergers and Similar Arrangements

11. The PLCA stipulates that two or more public limited companies or a public limited company and a private company may amalgamate to become a new company by a resolution of shareholders of each company passed by shareholders holding not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote or by a special resolution passed in accordance with the Civil and Commercial Code of Thailand, in the case of a private company.

Once the shareholders' resolution of each company has been passed and certain procedures as stipulated by the PLCA have been completed, the combined shareholders' meeting shall be convened to consider and approve matters relevant to the amalgamation. A quorum of the meeting must be the presence of shareholders holding shares in the aggregate number of not less than one half of the total number of shares sold of the amalgamating companies and any resolution of the meeting shall be passed by a majority votes of the shareholders present at the meeting.

The Singapore Companies Act provides that the Singapore courts have the authority, in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies and that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (the **"transferor company"**) is to be transferred to another company (the **"transferee company"**), to order, among others, the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company. Such power only exists in relation to corporations liable to be wound up under the Singapore Companies Act.

No. Thai Corporate Law

The company shall notify its creditors in writing of the resolution of the amalgamation within 14 days of the date on which the shareholders' meeting passes such resolution and shall specify in the notification that any objection thereto shall be submitted within two months of the date on which the creditors receive the notice of such resolution. If an objection is made, the company may not amalgamate unless it has paid its debts or given security for the debts.

When the amalgamation of a company with another company has been accepted for registration by the MOC, the former companies shall cease to be juristic persons. The newly-registered amalgamated company shall be entitled to all the assets, liabilities, rights, duties and responsibilities of both the former companies.

Appraisal Rights

12. The PLCA provides that where there is a resolution for an amalgamation but a shareholder objects to the amalgamation, a company shall arrange for the purchase of shares belonging to such shareholder at the price last traded on the stock market prior to the date on which the resolution of the amalgamation is passed. If there is no traded price on the stock market, the price determined by an independent appraiser appointed by both parties shall be adopted. If such shareholder does not agree to sell his or her shares within 14 days of the date of receipt of the purchase offer, a company shall proceed with the amalgamation and it shall be deemed that such shareholder is a shareholder of the company formed by the amalgamation.

Singapore Corporate Law

The Singapore Companies Act further provides for a voluntary amalgamation process without the need for a court order. Under this voluntary amalgamation process, two or more companies may amalgamate and continue as one company, which may be one of the amalgamating companies or a new company, in accordance with the procedures set out in the Singapore Companies Act. As part of these procedures, the board of directors of each of the amalgamating companies must make a solvency statement, in the form of a declaration in writing, in relation to both the amalgamating company and the amalgamated company.

The Singapore Companies Act does not provide for appraisal rights to the shareholders of a company in connection with a merger.

Shareholders' Suits and Protection of Minority Shareholders

13. (a) Pursuant to the PLCA, any shareholder or shareholders holding in aggregate not less than 5.0% of the total number of shares sold may bring an action to the court to claim compensation (on behalf of the company) from a director in the case where a director performs any act or fails to perform any act which constitutes non-compliance with laws, or the objectives and articles of association of the company, including the shareholders resolutions, in good faith and with care to preserve the best interests of the company, provided that:

- (i) such act or omission to act causes damage to the company; and
- (ii) the company does not claim compensation from such director even though a shareholder or shareholders holding in aggregate not less than 5.0% of the total number of shares sold has notified the company in writing to do so.

In addition, if such act or omission to act by a director is likely to cause damage to the company, any one or more shareholders holding not less than 5.0% of the total number of shares sold may request the court for an order restraining such act.

Such shareholder may also request the court to remove such director from office.

In any event, the shareholder who will undertake the above actions must hold shares of the company at the time such director performs or does not perform the act which causes or is likely to cause damage to the company.

A member or a holder of a debenture of a company may apply to the Singapore courts for an order under Section 216 of the Singapore Companies Act to remedy situations where:

- (a) a company's affairs are being conducted or the powers of the company's directors are being exercised in a manner oppressive to, or in disregard of the interests of one or more of the members, shareholders or holders of debentures of the company, including the applicant; or
- (b) a company has done an act, or threatens to do an act, or the members, holders of debentures or any class of them have passed some resolution, or propose to pass some resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the company's members or holders of debentures, including the applicant.

Singapore courts have wide discretion as to the relief they may grant under such application, including, among others, directing or prohibiting any act or cancelling or varying any transaction or resolution, providing that the company be wound up, or authorising civil proceedings to be brought in the name of or on behalf of the company by such person or persons and on such terms as the court directs.

In addition, a member of a company who is seeking relief for damage done to the company may bring a common law derivative action in certain circumstances against the persons who have done wrong to the company. Further, Section 216A of the Singapore Companies Act prescribes a procedure to bring a statutory derivative action or arbitration. The statutory procedure is available to, among others, any member of a company, and any other person who, in the discretion of the court, is a proper person to make an application under Section 216A of the Singapore Companies Act.

- (b) If any director operates any business which has the same nature as and is in competition with the business of the company, or becomes a partner in an ordinary partnership or becomes a partner with unlimited liability in a limited partnership or becomes a director of a private company or any other company operating a business which has the same nature as and is in competition with the business of the company, either for his or her own benefit or for the benefit of another person, without notifying the shareholders' meeting prior to the resolution for his or her appointment, and if:
- (i) there is damage caused by such director; and
 - (ii) the company does not claim compensation from such director (the prescription period is one year from the date the company becomes aware of this breach or two years from the date of such breach),

then, a shareholder or shareholders holding in aggregate not less than 5.0% of the total number of shares sold may by written notice request the company to make such claim. If the company does not proceed as requested by the shareholders within one month of the date of such notification, or if the remaining prescription period is less than one month, such shareholder may exercise the right to claim compensation on behalf of the company.

If such act by a director is likely to cause damage to the company, any one or more shareholders holding not less than 5.0% of the total number of shares sold may request the court to issue an order forbidding such act.

Such shareholder may also request the court to remove such director from office.

Moreover, according to the SEC Act, in cases where the director acts or omits to act, constituting non-compliance with Section 89/7 (please see the second paragraph under Directors' Fiduciary Duties), and this causes the director, the executive or the related person to obtain undue benefits, the company may bring an action against the director for disgorgement of such benefits to the company.

In cases where a shareholder or shareholders who hold shares and have the right to vote amounting to not less than 5.0% of the total number of voting rights of the company have issued a written notice requesting the company to bring the action against the director for disgorgement of such benefits to the company and the company fails to proceed as requested within one month from the date of the notice, such shareholder or shareholders may bring the action on behalf of the company.

In cases where the shareholder or shareholders bring such action on behalf of the company, if the court is of the opinion that the action is brought by the shareholder or shareholders in good faith, the court shall be empowered to order the company to compensate the said shareholder or shareholders for actual expense as the court deems appropriate; in this regard, for the purpose of determining such compensation, the court shall be empowered to order the company to be a party in the case.

In addition, under the PLCA, a shareholder or shareholders holding not less than 5.0% of the total sold shares may submit a written application to the Department of Business Development, MOC, requesting the appointment of an inspector to proceed with the examination of the business operation and financial condition of the company as well as to inspect the conduct of business by the board of directors.

The Department of Business Development, MOC, may appoint one or more competent officials to be an inspector or inspectors to proceed with the examination of the operation of the company when there are reasonable grounds to suspect that:

- (a) the company has committed any act to defraud the creditors of the company or has incurred debts while being fully aware that it is unable to repay such amount;
- (b) the company has violated or failed to comply with the PLCA or included any false information in the application for registration, in the balance sheet or in the profit and loss account, or in the report submitted to the Department of Business Development, MOC, or made known to the general public;
- (c) the directors or the executive officers of the company have operated the business in a manner contrary to the objectives of the company or have been dishonest to the company or the shareholders of the company;
- (d) there was any act done to cause an unfair disadvantage to minority shareholders; or
- (e) the business management of the company may cause damage to the shareholders.

In the order appointing the inspector, the Department of Business Development, MOC, shall clearly indicate the issues in respect of which the inspection is to be conducted and notify the company, in writing, of the matter.

The inspector shall report on the results of the inspection together with his or her opinion to the Department of Business Development, MOC, within two months from the date of appointment. If he or she cannot complete the inspection within said period, the inspector shall report the inspection results to the registrar every two months.

No. Thai Corporate Law

Singapore Corporate Law

Upon receipt of the report on inspection results from the inspector, the registrar shall proceed as follows:

- (a) deliver a copy of such report to the company within seven days from the date of receipt thereof;
- (b) to notify the relevant authorities to take legal action against persons who committed offences under the PLCA;
- (c) order the company to make the necessary rectification(s) to ensure compliance with the PLCA;
- (d) give notice in writing to the creditors or any persons who may suffer losses as set out in the inspection report.

The company which receives the report under (i) above, shall summarise the report and deliver it to the shareholders within 14 days from the date of receipt of the report. The company shall retain a copy of such report at the company's offices to be available for the shareholders to inspect.

Shareholders' Action by Written Consent

- 14.** No equivalent provision in Thailand. All shareholders' meetings must take place by way of physical meetings or e-meetings as stipulated under the law.

Notwithstanding any other provision of the Singapore Companies Act, a private company or an unlisted public company may pass any resolution by written means (save for any resolution to dispense with the holding of annual general meetings or any resolution for which special notice is required) in accordance with the provisions of the Singapore Companies Act. There is no corresponding provision in the Singapore Companies Act which applies to a listed public company.

Shareholders' Proposals

15. Pursuant to the PLCA, the board of directors may call an extraordinary general meeting of shareholders any time it deems appropriate. In addition, a shareholder or shareholders holding not less than 10.0% of the total sold shares may request the board of directors in writing to convene an extraordinary general meeting at any time, but the reasons for calling such meeting shall be clearly stated in such request. The board of directors shall hold a shareholders' meeting within 45 days from the date of receipt of such request from the said shareholders.

In addition, under the SEC Act, a shareholder or shareholders who hold shares and have the right to vote amounting to not less than 5.0% of the total voting rights of the company may submit a written proposal in order to request the board of directors to include such proposal as an agenda item of the shareholders' meeting. The proposal shall indicate whether it is a matter proposed for information, for approval or for consideration, as the case may be, including details of the proposed matter for the annual ordinary general meeting or extraordinary general meeting, provided that it shall comply with rules as specified in the notification of the CMSB.

The board of directors shall include the matter proposed by the shareholders under the above paragraph in the agenda of the upcoming shareholders' meeting. In the following cases, however, the board of directors may refuse to include such proposal in the agenda of the meeting if:

- (a) the proposal does not comply with the rules as specified in the notification of the CMSB;
- (b) the proposal is relevant to the ordinary business operation and the facts given by the shareholders do not indicate any reasonable grounds to suspect the irregularity of such matter;
- (c) it is beyond the company's power to produce the proposed result;

Under the Singapore Companies Act, (a) any number of members representing not less than 5.0% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates; or (b) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S\$500, may requisition the company to give to members notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting, and circulate to members any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Members holding not less than 10.0% of the total number of paid-up shares of a company that carries a right of voting at general meetings or, in the case of a company not having a share capital, members representing not less than 10.0% of the total voting rights of all members having a right to vote at general meetings, may requisition for an extraordinary general meeting to be convened in accordance with the provisions of the Singapore Companies Act. The directors must convene the meeting to be held as soon as practicable, but in any case not later than two months after the receipt by the company of the requisition.

Two or more members holding not less than 10.0% of the total number of issued shares of the company (excluding treasury shares) or, in the case of a company not having a share capital, not less than 5.0% in number of the members of the company or such lesser number as is provided by the constitution of the company, may also call a meeting of the company in accordance with the provisions of the Singapore Companies Act.

- (d) the proposal was submitted to the shareholders' meeting for its consideration within the previous 12 months and received supporting votes of less than 10.0% of the total number of voting rights of the company, unless the facts pertaining to the resubmission have significantly changed from that of the previous shareholders' meeting; or
- (e) any other cases as specified in the notification of the CMSB. In cases where the board of directors refuses to include the matter proposed by the shareholders in the agenda of any shareholders' meeting, it shall be notified as the matter for information in that shareholders' meeting and the board of directors shall specify the reasons for such refusal. However, if the shareholders in the meeting pass a resolution, with a majority vote of the total number of shareholders present at the meeting and having the right to vote, to include the once-refused matter proposed by the shareholders in the agenda of the meeting, the board of directors shall include such matter in the agenda of the next shareholders' meeting.

Winding Up

- 16.** In the case where a company is dissolved on grounds other than bankruptcy, the liquidation thereof shall proceed.

The winding up of a company may be done in the following ways:

- (a) members' voluntary winding up;
- (b) creditors' voluntary winding up;
- (c) compulsory winding up by the court; and
- (d) an order made pursuant to Section 216 of the Singapore Companies Act for the winding up of the company.

The type of winding up depends, among others, on whether the company is solvent or insolvent.

Dissolution

17. Where one of the following grounds exists, a company shall be dissolved:

- (a) when the shareholders' meeting passes a resolution dissolving a company by a vote of shareholders holding not less than three-fourths of the total number of votes of shareholders attending the meeting who have the right to vote;
- (b) when the company becomes bankrupt; or
- (c) when the court issues a final court order dissolving the company in accordance with the provisions of the PLCA.

As noted in (c) above, the shareholders who hold shares in the aggregate number of not less than one-tenth of the total sold shares may submit a motion to court to order the dissolution of a company when one of the following grounds exists:

- (a) the promoters have contravened or failed to comply with the provisions relating to the statutory meeting or preparation of the report on the establishment of a company, or the board of directors has contravened or failed to comply with the provisions relating to payment on shares, the transfer of ownership in property to the company, or the making of documentation available to a company for its use of the various rights for payment for shares, the preparation of the list of shareholders, or the registration of a company;
- (b) the number of shareholders decreases to less than 15; or
- (c) the business of a company can only be carried on at a loss and there is no prospect of its fortunes being revived.

When a motion is made in court as mentioned in (a) or (b), the court may order the company to rectify its deficiencies or to comply with the law within a specified period of time, which period shall not be more than six months, instead of ordering the dissolution of the company.

A company may be dissolved:

- (a) through the process of liquidation pursuant to the winding up of the company;
- (b) in a merger or amalgamation of two companies where the court may order the dissolution of one after its assets and liabilities have been transferred to the other; or
- (c) when it is struck off the register by the Registrar of Companies on the ground that it is a defunct company.

Variation of Rights of Shares

- 18.** Under the PLCA, preferential rights accruing to preferred shares already issued shall not be changed. In addition, a preferred share shall not be convertible into an ordinary share unless otherwise stipulated by a company in its articles of association. In addition, a preferred share may have less than one vote if this is specified clearly in the articles of association.

Under the Singapore Companies Act, if provision is made by the constitution of a company for authorising the variation or abrogation of the rights attached to any class of shares in the company, subject to the consent of any specified proportion of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares, and in pursuance of that provision, such rights are at any time varied or abrogated, the holders of not less in aggregate than 5.0% of the total number of issued shares of that class may apply to the Singapore courts to have the variation or abrogation cancelled in accordance with the Singapore Companies Act.

The Singapore courts may, if satisfied that the variation or abrogation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation or abrogation, and shall if not so satisfied, confirm it.

Amendments to Constitutive Documents

19. Amendments to Memorandum of Association and Articles of Association

Pursuant to the PLCA, a company may amend its memorandum of association or articles of association only when a resolution of the shareholders has been passed by shareholders holding not less than three-fourths of the total number of votes of shareholders attending the meeting and having the right to vote. A company shall apply to register the amendment within 14 days of the date on which the resolution was passed at the meeting.

Amendments to Constitution

Unless otherwise provided in the Singapore Companies Act, a company's constitution may be altered or added to by way of special resolution, except that any entrenching provision in the constitution and any provision contained in the constitution before 1 April 2004 which could not be altered under the provisions of the Singapore Companies Act before that date, may be removed or altered only if all members of the company agree.

For these purposes, the term "entrenching provision" means a provision of the constitution of a company to the effect that other specified provisions of the constitution, (a) may not be altered in the manner provided by the Singapore Companies Act; or (b) may not be so altered except by a resolution passed by a specified majority greater than 75.0%, or where other specified conditions are met.

Any alteration to the constitution takes effect on and from the date of the special resolution approving such alteration or such later date as is specified in the resolution.

Directors' Fiduciary Duties

19. The PLCA does not make express reference to directors' fiduciary duties. Nevertheless, the PLCA states that in conducting the business of the company, the directors shall comply with all laws, and the objectives and the articles of association of the company, as well as the resolutions of the shareholders in good faith and with care to preserve the interests of the company. In addition, if any director purchases property of the company or sells property to the company or does any business with the company, regardless of whether it is in his or her own name or in the name of other persons, unless approved by the board of directors, such purchase, sale or deal shall not bind the company.

The SEC Act, however, specifically provides that in conducting the business of the company, other than complying with all laws, the objectives, the articles of association of the company, the resolutions of the board of directors and the resolutions of the shareholders' meeting, a director and an executive must also perform his or her duty with responsibility, due care and loyalty.

In performing his or her duty with responsibility and due care, a director and an executive shall act in the similar manner as an ordinary person undertaking like business under similar circumstances.

If the director or executive can prove that, at the time of considering any matter, his or her decision had met the following requirements, the said director or executive shall be deemed to have had performed his or her duty with responsibility and due care as mentioned above:

- (a) the decision was made with honesty and reasonable grounds to believe that it was for the best interests of the company;
- (b) the decision was made in reliance on information honestly believed to be sufficient; and

Every director by virtue of his office occupies a fiduciary position with respect to the company. A director is not permitted to place himself in a situation where his interests conflict with his duty.

Duties are imposed upon any person who becomes a director of a company and breaches of these duties may lead to criminal or civil liabilities. Such duties are governed by statute and common law.

Such duties include (without limitation) duties of care and skill and duties to act in good faith in the best interest of the company, as well as the statutory duty under the Singapore Companies Act to act honestly and to use reasonable diligence in the discharge of the duties of his office at all times.

- (c) the decision was made without being affected by his or her interest, whether directly or indirectly, in such matter.

In considering whether each director or executive has performed his or her duty with responsibility and due care, the following factors shall be taken into account:

- (a) position in the company held by such person at that time;
- (b) scope of responsibility of the position of such person in accordance with the laws or as assigned by the board of directors; and
- (c) qualifications, knowledge, capabilities, and experience, including purposes of appointment.

In performing his or her duty with loyalty, a director and an executive shall:

- (a) act in good faith for the best interests of the company;
- (b) act with proper purpose; and
- (c) not act in significant conflict with the interests of the company.

Conversion

20. The PLCA specifies that the conversion of a private company into a public company requires a special resolution of shareholders of that private company in accordance with the Civil and Commercial Code of Thailand.

The special resolution requires not less than three-fourths of the votes of shareholders attending the meeting and having the right to vote. In addition, the shareholders' meeting shall approve the amendment of the memorandum of association and articles of association to be in line with the PLCA, including appointments of directors and auditors. The newly elected board of directors shall make an application to register the conversion into a public limited company within 14 days of the date of completion of the meeting. A company which has registered its conversion into a public limited company shall be entitled to own and assume all the assets, debts, rights and liabilities of the former private company.

The Singapore Companies Act provides that a private company may be converted to a public company and *vice versa* by, among others, passing a special resolution. A limited company could be converted into an unlimited company and *vice versa* by complying with the provisions in the Singapore Companies Act.

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COMPARISON OF SET REGULATIONS AND THAI SECURITIES LAW AND SGX-ST LISTING RULES AND SINGAPORE SECURITIES LAW

The following table sets out a summary of certain differences between (a) the regulations of the SET and Thai securities law applicable to us; and (b) the SGX-ST Listing Manual and Singapore securities law, based on the relevant laws, regulations and rules in effect as of the Latest Practicable Date. This comparison does not purport to be comprehensive or exhaustive. This comparison is being provided for information only and should not be regarded as advice on the regulations of the SET or Thai securities law or the differences between them and the laws and listing rules of any jurisdiction or exchange, including but not limited to the SFA and the SGX-ST, and should not be relied on for any purpose.

You should note that as a foreign issuer with a secondary listing on the SGX-ST, pursuant to Rule 217 of the SGX-ST Listing Manual, we will not be required to comply with the SGX-ST Listing Rules, provided that we undertake to: (a) release all information and documents in English to the SGX-ST at the same time as they are released to the home exchange; (b) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the home exchange; and (c) comply with such other Listing Rules as may be applied by the SGX-ST from time to time (whether before or after listing).

No. SET Regulations and Thai Securities Laws	SGX-ST Listing Rules and Singapore Securities Laws
<u>Disclosure of Information</u>	
1. General Disclosure Requirements under the SEC Act Under the SEC Act, the company who offers shares to the public shall submit a report with reasons to the Office of the SEC immediately when one of the following incidents occurs: <ol style="list-style-type: none"> (1) the company suffers serious damage; (2) the company ceases operating all or part of its business; (3) the company alters its objectives or the nature of its business; (4) the company enters into an agreement entrusting other persons with power in whole or in part in the management of the company; (5) the company takes over another company or is taken over in accordance with Section 247 of the SEC Act; or (6) any incident which affects or is likely to affect the rights and interests of securities holders or the decision-making on investment or the change in the securities price of the company as specified in the notification of the office of the SEC. 	Rule 703 of the SGX-ST Listing Manual: Disclosure of Material Information (1) An issuer must announce any information known to the issuer concerning it or any of its subsidiaries or associated companies which: <ol style="list-style-type: none"> (a) is necessary to avoid the establishment of a false market in the issuer's securities; or (b) would be likely to materially affect the price or value of its securities. (2) Rule 703(1) does not apply to information which it would be a breach of law to disclose. (3) Rule 703(1) does not apply to particular information while each of the following conditions applies. Condition 1: a reasonable person would not expect the information to be disclosed; Condition 2: the information is confidential; and

No. SET Regulations and Thai Securities Laws

Disclosure Requirements of the SET

Upon the company becoming a listed company on the SET, the listed company must report to the SET upon the occurrence of any of the following events without delay on the date on which the event occurs at least one hour before each round of trading hours or after the closing of trading hours or at least one hour before the first round of trading hours on the next business day:

- (1) the board of directors of the company passes a resolution on the date for an ordinary general meeting, or extraordinary general meeting, of shareholders of the company. In such a report, the company shall also include the agenda of the meeting;
- (2) the board of directors of the company passes a resolution on the share register closing date, or record date for attending the shareholders' meeting or conferring of any rights to shareholders;
- (3) the board of directors of the company passes a resolution on payment or non-payment of dividends;
- (4) the board of directors of the company passes a resolution on capital increase, allocation of shares for a capital increase, or capital decrease;
- (5) the company issues new securities, or performs any act which affects the right of the convertible securities holders or the exercising of rights to subscribe for the shares of the company by the securities holders;
- (6) the company performs any act, or issues any securities with conditions, which affects the redemption, cancellation or maturity of listed securities in whole or in part. In this regard, the company shall notify the SET not less than 30 days prior to such a redemption, cancellation or maturity;

SGX-ST Listing Rules and Singapore Securities Laws

Condition 3: one or more of the following applies:

- (a) the information concerns an incomplete proposal or negotiation;
 - (b) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (c) the information is generated for the internal management purposes of the entity;
 - (d) the information is a trade secret.
- (4) In complying with the SGX-ST's disclosure requirements, an issuer must:
- (a) observe the Corporate Disclosure Policy set out in Appendix 7.1 of the SGX-ST Listing Manual; and
 - (b) ensure that its directors and executive officers are familiar with the SGX-ST's disclosure requirements and Corporate Disclosure Policy.
- (5) The SGX-ST will not waive any requirements under this Rule.

Rule 704 of the Listing Manual: Announcement of Specific Information

In addition to Rule 703, an issuer must immediately announce the following:

General

- (1) Any change of address of the registered office of the issuer or of any office at which the Register of Members or any other register of securities of the issuer is kept.
- (2) Any proposed alteration to the Memorandum of Association or Articles of Association or Constitution of the issuer.

No. SET Regulations and Thai Securities Laws

- (7) the company undergoes any change with respect to the rights of the holders of debt securities convertible into shares or exchangeable for shares as well as a change in the material aspect, or the withdrawal of security, or a default in payment during the period of repayment of debt securities;
- (8) the company, or its parent company, undergoes any change in the shareholding structure of major shareholders of the company or the parent company which results in changes in management control of the company;
- (9) the company changes its manager or any other equivalent position thereof under any other name or changes more than half of the total number of its directors;
- (10) the company acquires or loses a significant commercial contract;
- (11) the company or its subsidiary acquires or disposes of assets of the company or its subsidiary under the Notification of Capital Market Supervisory Board No.TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets;
- (12) the company or its subsidiary has a connected transaction under the Notification of Capital Market Supervisory Board No.TorChor 21/2551 Re: Rules on Connected Transactions;
- (13) the company or its subsidiary acquires or disposes of an investment in another company which results in that other company becoming, or ceasing to be, a subsidiary of the company or its subsidiary;
- (14) the board of directors of the company or the company passes a resolution approving the amalgamation of the company with other companies;

SGX-ST Listing Rules and Singapore Securities Laws

- (3) [Deleted]
- (4) Any call to be made on partly paid securities of the issuer or of any of its principal subsidiaries.
- (5) Any adverse opinion, disclaimer of opinion, qualified opinion or emphasis of a matter (including a material uncertainty relating to going concern) by the auditors on the financial statements of:
 - (a) the issuer; or
 - (b) any of the issuer's subsidiaries or associated companies, if the adverse opinion, disclaimer of opinion, qualified opinion or emphasis of a matter has a material impact on the issuer's consolidated accounts or the group's financial position.
- (6) If an issuer has previously announced its preliminary full-year results, any material adjustments to its preliminary full-year results made subsequently by auditors.

Appointment or Cessation of Service

- (7) (a) Any appointment or cessation of service of key persons such as director, chief executive officer, chief financial officer, chief operating officer, general manager or, qualified person or other executive officer of equivalent authority, company secretary, registrar or auditors of the issuer.
- (b) In the case of a cessation of service of any director, chief executive officer, chief financial officer, chief operating officer, general manager or other executive officer of equivalent authority, such persons must inform the SGX-ST in writing as soon as possible if he is aware of any irregularities in the issuer which would have a material impact on the group, including financial reporting.

No. SET Regulations and Thai Securities Laws

- (15) the company or its subsidiary introduces a significant new product, makes a significant development with respect to its resources, technology, products or market, or a significant discovery of natural resources;
- (16) the company or its subsidiary takes out a loan or issues debt instruments in an amount significant to its financial position and performance;
- (17) the company or its subsidiary involves in a significant dispute which affects the performance of the company, such as a labour dispute or a dispute with a subcontractor or supplier to the company;
- (18) the company or its subsidiary engages in a significant legal dispute;
- (19) the board of directors of the company passes a resolution approving the change in the par value of its shares;
- (20) the company or its subsidiary lists its securities on another stock exchange or discloses information about the company's or its subsidiary's securities listed on other stock exchange;
- (21) the company or its subsidiary changes a significant accounting policy;
- (22) the company or its subsidiary winds up and liquidates itself;
- (23) the company or its subsidiary, assigns an independent appraiser to appraise their major assets for disclosure to shareholders or general investors. In this regard, the company shall submit the appraisal report to the SET upon the SET's request;
- (24) the board of directors of the company or the company resolves to buy back the shares of the company, or the board of directors of the company resolves to dispose of the shares that have been bought back in accordance with the rules and procedures under the PLCA;

SGX-ST Listing Rules and Singapore Securities Laws

- (8) Any appointment or reappointment of a director to the audit committee.
- (9) Any appointment of a person who is a relative of a director or chief executive officer or substantial shareholder of the issuer to a managerial position in the issuer or any of its principal subsidiaries.
- (10) Any promotion of an appointee referred to in Rule 704(9).
- (11) Any appointment of, or change in legal representative(s) (or person(s) of equivalent authority, however described), appointed as required by any relevant law applicable to the issuer and/or any of its principal subsidiaries, with sole powers to represent, exercise rights on behalf of, the issuer and/or that principal subsidiary.
- (12) For issuers with principal subsidiaries based in jurisdictions other than Singapore, any of its independent directors' appointment or cessation of service from the boards of these principal subsidiaries.
- (13) Within 60 days after each financial year, the issuer must make an announcement of each person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer as set out in Appendix 7.2 Part II of the SGX-ST Listing Manual. If there are no such persons, the issuer must make an appropriate negative statement. The SGX-ST may require the issuer to provide additional information on any such person, including his remuneration, any changes to his duties, responsibilities and remuneration package.

No. SET Regulations and Thai Securities Laws

- (25) the company or its subsidiary grants financial assistance to another person in an amount that is significant to its financial condition and performance, whereby such granting of financial assistance is not in accordance with its normal business or practice in its ordinary course of business, except for the granting of financial assistance to its subsidiary or associate company, or according to its employee welfare regulations. In this regard, the company shall disclose the progress of the receipt of debt payment from the person as mentioned above by the due date for the submission of its financial statements for each quarter or when there is such progress, whichever occurs first;
- (26) the company or its subsidiary is in default of debt payments, is unable to perform its obligations under any juristic act relating to the receipt of financial assistance, or the issuance of a debt instrument in an amount equal to or more than 5 percent of its total assets as shown in its latest financial statements or consolidated financial statements, together with the direction for resolving such issues. In this regard, the company shall disclose the progress of the default of debt payments by the due date of disclosure of its financial statements for each quarter or when there is such progress, whichever occurs first;
- (27) the company which is the holding company undergoes changes in the shareholding ratio in the subsidiary operating the core business; and
- (28) any case which affects, or will affect, the interests of securities holders or any decision to invest in, or the price of the securities of the company.

SGX-ST Listing Rules and Singapore Securities Laws

Appointment of Special Auditors or Additional Auditors

- (14) Any appointment of a special auditor or an additional auditor. The issuer may be required by the SGX-ST to announce the findings of the special auditors or the additional auditors.

General Meetings

- (15) The date, time and place of any general meeting. All notices convening meetings must be sent to shareholders at least 14 calendar days before the meeting (excluding the date of notice and the date of meeting). For meetings to pass special resolution(s), the notice must be sent to shareholders at least 21 calendar days before the meeting (excluding the date of notice and the date of meeting).
- (16) Immediately after each general meeting and before the commencement of the pre-opening session on the market day following the general meeting, whether the resolutions put to a general meeting of an issuer were passed. The announcement shall include:
 - (a) breakdown of all valid votes cast at the general meeting, in the prescribed format;
 - (b) details of parties who are required to abstain from voting on any resolution(s), including the number of shares held and the individual resolution(s) on which they are required to abstain from voting; and
 - (c) name of firm and/or person appointed as scrutineer.

No. SET Regulations and Thai Securities Laws

Also, the company shall report, or submit documents, to the SET within three business days of the date on which any of the following events occur:

- (1) the company changes its directors or persons with management power. In this regard, the company shall submit to the SET a curriculum vita for each of the new directors or the new persons with management power who have been appointed in the form prescribed by the SET within seven business days upon the occurrence of such event.

Where a member of its audit committee vacates the office prior to the expiry of his/her term, the company shall disclose information to the SET as prescribed in the Notification of the Stock Exchange of Thailand Re: Qualifications and Scope of Work of the Audit Committee B.E. 2558 (2015);

- (2) the company changes its Chief Financial Officer or Accounting Supervisor;
- (3) the company amends its memorandum of association, or articles of association, except for an amendment to the memorandum of association with respect to a matter which is required to be reported without delay to the SET;
- (4) the company moves its head office;
- (5) the company changes its auditor;
- (6) the company changes its securities registrar or changes the location of its securities registrar;
- (7) the subsidiary operating core business of the company that is the holding company changes its articles of association that may affect the rights and benefits of the shareholders or securities holders of the company; and
- (8) the company that is the holding company has its subsidiary operating core businesses established under the law of a foreign country and the country where that subsidiary operating core businesses changes the material laws or rules which the subsidiary is obliged to comply with.

SGX-ST Listing Rules and Singapore Securities Laws

Acquisitions and Realisations

(17) Any acquisition of:

- (a) shares resulting in the issuer holding 10.0% or more of the total voting rights of a quoted company; and
- (b) except for an issuer which is a bank, finance company, securities dealing company or approved financial institution, quoted securities resulting in the issuer's aggregate cost of investment exceeding each multiple of 5.0% of the issuer's latest audited consolidated net tangible assets;

(18) Any sale of:

- (a) shares resulting in the issuer holding less than 10.0% of the total voting rights of a quoted company; and
- (b) except for an issuer which is a bank, finance company, securities dealing company or an approved financial institution, quoted securities resulting in the issuer's aggregate cost of investment in quoted securities falling below each multiple of 5.0% of the issuer's latest audited consolidated net tangible assets.

(19) Any acquisition or disposal of shares or other assets which is required to be announced under Chapter 10 of the SGX-ST Listing Manual.

Winding Up, Judicial Management, etc.

(20) Any application filed with a court to wind up the issuer or any of its subsidiaries, or to place the issuer or any of its subsidiaries under judicial management.

(21) The appointment of a receiver, judicial manager or liquidator of the issuer or any of its subsidiaries.

(22) [Deleted]

No. SET Regulations and Thai Securities Laws

Upon the occurrence of the events for which the company shall disclose information under (4) or (5), the company shall submit documents and evidence of registration or resignation letters of the auditor, as the case may be, to the SET upon the SET's request.

Under the Notification of the Stock Exchange of Thailand Re: Guidelines on Disclosure of Information of Listed Companies, the company shall refrain from promotional disclosure information which exceeds that necessary to enable the public to make informed investment decisions. Such information includes:

- (1) inappropriately worded news releases;
- (2) public announcements not justified by actual developments in the company's affairs;
- (3) exaggerated reports or predictions; and
- (4) flamboyant wording and other forms of over-stated or over-zealous disclosure activity which may mislead investors and cause unwarranted price movements and activity in the company's securities.

Cases where a company is not required to promptly disclose material information:

Under the Notification of the Stock Exchange of Thailand Re: Guidelines on Disclosure of Information of Listed Companies, in the following circumstances a company may temporarily refrain from publicly disclosing material information, provided that complete confidentiality is maintained:

- (1) When immediate disclosure would prejudice the ability of the company to pursue its corporate objectives.
- (2) When the facts are in a state of flux and a more appropriate moment for disclosure is imminent.

Occasionally the company's plans or developments may give rise to material information but is subject to rapid change. If the situation is about to stabilise or resolve itself in the near future, it may be proper to withhold public announcement until a firm conclusion has been made, since successive public announcements concerning the same subject but based on changing facts may confuse or mislead the public.

SGX-ST Listing Rules and Singapore Securities Laws

(23) Where Rule 704(20), (21) or (32) applies, a monthly update must be announced regarding the issuer's financial situation, including (a) the state of any negotiations between the issuer and its principal bankers or trustee; and (b) the issuer's future direction, or other material development that may have a significant impact on the issuer's financial position. If any material development occurs between the monthly updates, it must be announced immediately. No monthly updates are required for a voluntary liquidation of a dormant subsidiary by the issuer that is announced pursuant to Rule 704(21).

Announcement of Results, Dividends, etc.

(24) Any recommendation or declaration of a dividend (including a bonus or special dividend, if any), the rate and amount per share and date of payment. If dividends are not taxable in the hands of shareholders, this must be stated in the announcement and in the dividend advice to shareholders. If there is a material variation in the interim or final dividend rate compared to that for the previous corresponding period, the directors must state the reasons for the variation at the time the dividend is recommended or declared. If the directors decide not to declare or recommend a dividend, this must be announced together with the reason(s) for such decision.

(25) After the end of each of the first three quarters of its financial year, half year or financial year, as the case may be, an issuer must not announce any:

- (a) dividend;
- (b) bonus issue or rights issue;
- (c) record date;
- (d) capital return; or
- (e) passing of a dividend,

unless it is accompanied by the financial statements for the quarter, half year or financial year, as the case may be, or the financial statements have been announced.

No. SET Regulations and Thai Securities Laws

- (3) When the immediate disclosure will significantly benefit the company's competitor.

Books Closure

The company shall report the date of the share register closing or the date of shareholders' record for attending the shareholders' meeting or conferring any rights to shareholders, to the SET at least 14 days prior to the date of such closing of the share register or the date of shareholders' record.

In a case where the company changes the date of the share register closing or the date of shareholders' record for attending the shareholders' meeting or conferring any rights to shareholders from the dates which have been reported to the SET under the first paragraph, the company shall notify the SET of the change at least seven days prior to the original date of share register closing or the date of shareholders' record for attending the shareholders' meeting or conferring any rights to shareholders which have been notified.

SGX-ST Listing Rules and Singapore Securities Laws

Record Date

- (26) Any intention to fix a record date, stating the date, reason and address of the share registry at which the relevant documents will be accepted for registration. At least five market days of notice (excluding the date of announcement and the record date) must be given for any record date. Issuers could consider a longer notice period, where necessary. The SGX-ST may agree to a shorter books closure period. In fixing a record date, an issuer must ensure that the last day of trading on a cum basis falls at least one day after the general meeting, if a general meeting is required to be held.
- (27) The issuer must not fix a record date for any purpose until at least eight market days after the previous record date. This rule does not prohibit identical record dates for different purposes.

Treasury Shares and Subsidiary Holdings

- (28) Any sale, transfer, cancellation and/or use of treasury shares, stating the following:
- (a) date of the sale, transfer, cancellation and/or use;
 - (b) purpose of such sale, transfer, cancellation and/or use;
 - (c) number of treasury shares sold, transferred, cancelled and/or used;
 - (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
 - (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
 - (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

No. SET Regulations and Thai Securities Laws

SGX-ST Listing Rules and Singapore Securities Laws

(28A) Any sale, transfer, cancellation and/or use of subsidiary holdings, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of subsidiary holdings sold, transferred, cancelled and/or used;
- (d) number of subsidiary holdings before and after such sale, transfer, cancellation and/or use; and
- (e) percentage of the number of subsidiary holdings against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use.

Employee Share Option or Share Scheme

(29) Any grant of options or shares. The announcement must be made on the date of the offer and provide details of the grant, including the following:

- (a) date of grant;
- (b) exercise price of options granted;
- (c) number of options or shares granted;
- (d) market price of its securities on the date of grant;
- (e) number of options or shares granted to each director and controlling shareholder (and each of their associates), if any; and
- (f) validity period of the options.

Use of Proceeds

- (30) The use of the initial public offering proceeds and any proceeds arising from any offerings pursuant to Chapter 8 of the SGX-ST Listing Manual as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated in the prospectus or the announcement of the issuer. Where the proceeds are used for general working capital purposes, the issuer must announce a breakdown with specific details on the use of proceeds for working capital. Where there is any material deviation from the stated use of proceeds, the issuer must announce the reasons for such deviation.

Loan Agreements/Issue of Debt Securities

- (31) When the issuer or any of its subsidiaries enters into a loan agreement or issues debt securities that contain a specified condition, and the breach of this specified condition will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the loan or debt securities, significantly affecting the operations of the issuer or results in the issuer facing a cash flow problem:
- (a) the details of the specified condition; and
 - (b) the level of these facilities that may be affected by a breach of such specified condition.

For the purpose of the foregoing, a “specified condition” is a condition that makes reference to the shareholding interests of any controlling shareholder of the issuer, or a restriction on any change in control of the issuer.

No. SET Regulations and Thai Securities Laws

SGX-ST Listing Rules and Singapore Securities Laws

(32) For any loan agreement or debt securities of the issuer or any of its subsidiaries, any breach of, or occurrence of any event under the terms of, the loan agreement or debt securities if it, in the opinion of the issuer's directors, may:

- (a) have a significant impact on the operations of the issuer; or
- (b) result in the issuer facing a cash flow problem.

Restatement of Financial Statements Required by Regulatory Authority

(33) Any requirement by a regulatory authority to restate or re-file financial statements, indicating clearly the reasons for being required to do so.

Public Sanctions

(34) Any public reprimand or public sanction relating to non-compliance with applicable laws or regulations, including any applicable accounting standards.

For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, Rules 703 and 704 of the SGX-ST Listing Manual will not apply to us. We will however be subject to the corresponding requirements under Thai law and the regulations of the SET.

Financial Statements and Annual Reports

2. Announcement of Financial Results and Annual Reports

Under the Notification of the Capital Market Supervisory Board No. TorJor. 44/2556 Re: Rules, Conditions and Procedures for Disclosure regarding Financial and Non-financial Information of Securities Issuers (as amended by the Notification of the Capital Market Supervisory Board No. TorJor. 55/2563 (No.20)), listed companies are required to submit the following documents to the SEC and SET:

- (1) reviewed quarterly financial statements within 45 days of the last day of each quarter;
- (2) audited financial statements of each accounting period within three months of the last day of the accounting period;
- (3) annual registration form (Form 56-1) within three months of the last day of the accounting period; and
- (4) annual report within four months of the last day of the accounting period.

Rule 705 of the SGX-ST Listing Manual: Financial Statements

- (1) An issuer must announce the financial statements for the full financial year immediately after the figures are available, but in any event not later than 60 days after the relevant financial period.
- (2) An issuer must announce the financial statements for each of the first three quarters of its financial year immediately after the figures are available, but in any event not later than 45 days after the quarter end if:
 - (a) [Deleted]
 - (b) [Deleted]
 - (c) its auditors have issued an adverse opinion, a qualified opinion or a disclaimer of opinion on the issuer's latest financial statements; or
 - (d) its auditors have stated that a material uncertainty relating to going concern exists in the issuer's latest financial statements.
- (2A) Unless otherwise determined by the SGX-ST, an issuer that is required to announce its financial statements under Rule 705(2) will have a grace period of one year to comply with the requirement, such grace period commencing on the date on which the condition in Rule 705(2) is met. An issuer must continue to comply with Rule 705(2) for so long as any condition in Rule 705(2) is met.
- (2B) Rule 705(2) will not apply to an issuer if:
 - (a) it is undergoing judicial management, winding up or provisional liquidation; or
 - (b) its assets consist wholly or substantially of cash or short-dated securities as referred to in Rule 1018.

No. SET Regulations and Thai Securities Laws

SGX-ST Listing Rules and Singapore Securities Laws

(2C) An issuer that is required by the SGX-ST to announce its quarterly financial statements must prominently include a statement on the cover page of its announcement of its quarterly financial statements that such an announcement is pursuant to an SGX-ST requirement.

(3) (a) [Deleted]

(b) An issuer who does not fall within the sub-sections in Rule 705(2) above must either: (i) announce the financial statements for each of the first three quarters of its financial year; or (ii) announce its first half financial statements, in each case immediately after the figures are available, but in any event not later than 45 days after the relevant financial period. If an issuer that is not required to comply with Rule 705(2) announces its quarterly financial statements in a format other than as set out in Appendix 7.2, it must comply with Rule 705(3)(b)(ii).

(3A) An issuer that prepares its financial statements under Rule 705 in accordance with Appendix 7.2 of the SGX-ST Listing Manual must also prepare such financial statements in accordance with the relevant accounting standards for interim financial reports under Singapore Financial Reporting Standards (International) ("SFRS(I)s"), or International Financial Reporting Standards ("IFRS"), or US Generally Accepted Accounting Principles ("US GAAP").

No. SET Regulations and Thai Securities Laws

SGX-ST Listing Rules and Singapore Securities Laws

- (4) Notwithstanding the foregoing, with respect to the first announcement to be made by the issuer pursuant to Rules 705(1) or (2) following its listing on the SGX-ST, where the time period between the date of its listing and the final date for the issuer to make the relevant announcement pursuant to Rule 705(1) or (2) above is less than 30 days, the issuer shall have 30 days from the relevant deadline to make the relevant announcement of the financial statements provided that the following conditions are satisfied:
 - (a) the extension is announced by the issuer at the time of the issuer's listing; and
 - (b) in the announcement referred to in paragraph (a), the issuer must confirm that there is no material adverse change to the financial position of the issuer since the date of its prospectus or introductory document issued in connection with its listing on the SGX-ST.
- (5) In the case of an announcement of interim financial statements (quarterly or half-yearly, as applicable, but excluding full year financial statements), an issuer's directors must provide a confirmation that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial statements to be false or misleading in any material aspect. In order to make this confirmation, directors would not be expected to commission an audit of these financial statements. The confirmation may be signed by two directors on behalf of the board of directors.

No. SET Regulations and Thai Securities Laws

SGX-ST Listing Rules and Singapore Securities Laws

Rule 707 of the Listing Manual: Annual Report

- (1) An issuer must hold its annual general meeting within four months from the end of its financial year.
- (2) An issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting.
- (3) Notwithstanding Rules 707(1) and (2), with respect to the first annual general meeting immediately following the issuer's listing on the SGX-ST, where the time period between its listing on the SGX-ST and the final date for the issuer to hold its annual general meeting pursuant to Rule 707(1) above is less than 30 days, the issuer shall have 30 days from the relevant deadline to hold its annual general meeting, provided that:
 - (a) such an extension is permitted by and in accordance with all relevant laws and regulations governing the issuer in its place of constitution;
 - (b) the SGX-ST is notified of such an extension at the time of the issuer's listing;
 - (c) the extension is announced by the issuer at the time of the issuer's listing; and
 - (d) in the announcement referred to in paragraph (c), the issuer must confirm that: (i) there is no material adverse change to the financial position of the issuer since the date of its prospectus or introductory document issued in connection with its listing on the SGX-ST; and (ii) the extension is permitted by and in accordance with all relevant laws and regulations governing the issuer in its place of constitution.

For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, Rules 705 and 707 of the SGX-ST Listing Manual will not apply to us. We will however be subject to the corresponding requirements under Thai law and the regulations of the SET.

Interested Person Transactions/Connected Transactions

3. **Sections 89/1, 89/12 and 89/13 of the SEC Act, Clause 2 of CMSB Notification No. TorChor. 21/2551 Re: Rules on Entering into Connected Transactions, Clause 2 of the SEC Notification Re: Definition of Terms in Notifications Relating to Issuance and Offer of Securities and Clause 3 of the Notification of the Board of Governors of the SET Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003 dated 19 November 2003 (the “Connected Transaction Rules”)**

“Connected person” means:

- (a) the management, major shareholders, controlling persons or persons to be nominated as the management or controlling persons of a listed company or a subsidiary company including related persons and close relatives of such persons;
- (b) any juristic person having a major shareholder or a controlling person as the following persons of a listed company or a subsidiary of the listed company:
 - (i) the management;
 - (ii) major shareholder;
 - (iii) controlling person;
 - (iv) person to be nominated as the management or a controlling person; or
 - (v) related persons and close relatives of any persons in (i) to (iv);
- (c) any person whose behaviour can be indicated as an acting person or under a major influence of persons from (a) to (b) when making decision, determining policy, handling management or operation; or other persons the SET deems as having the same manner;
- (d) the director of the juristic person having control over the company;

Chapter 9 of the SGX-ST Listing Manual: Interested Person Transactions

Chapter 9 of the SGX-ST Listing Manual deals with interested person transactions involving the Issuer. The objective of Chapter 9 is to guard against the risk that interested persons could influence the issuer, its subsidiaries or associated companies, to enter into transactions with interested persons that may adversely affect the interests of the issuer or its shareholders.

Interested Person Transaction

An “interested person transaction” is defined in Chapter 9 of the SGX-ST Listing Manual as a transaction between an entity at risk and an interested person. There is no exhaustive list of all the types of transactions which may constitute an interested person transaction. Chapter 9 of the SGX-ST Listing Manual provides that the following types of transactions are included:

- (a) the provision or receipt of financial assistance;
- (b) the acquisition, disposal or leasing of assets;
- (c) the provision or receipt of services;
- (d) the issuance or subscription of securities;
- (e) the granting of, or being granted, options; and
- (f) the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

Entity at Risk

Chapter 9 of the SGX-ST Listing Manual defines an “entity at risk” to mean:

- (a) the Issuer;
- (b) a subsidiary of the Issuer that is not listed on the SGX-ST or an approved exchange; or

No. SET Regulations and Thai Securities Laws

- (e) the spouse, minor child or adopted minor child of the director under (d);
- (f) the juristic person over which the person under (d) or (e) has control; or
- (g) the person who acts with understanding or agreement in the case that if the company enters into any transaction which provides financial benefits for such person, the following persons will also gain financial benefits from such particular transaction:
 - (i) the director;
 - (ii) the management;
 - (iii) the person having control over the company;
 - (iv) the director of the juristic person having control over the company; or
 - (v) the spouse, minor child or adopted minor child of the persons under (i) to (iv).

“Major shareholder” means a shareholder who directly or indirectly holds shares in any juristic person in a total amount exceeding 10.0% of the paid-up capital of that juristic person. Such shareholding shall also include the shares held by related person of that juristic person.

“Related person” means mean persons under Section 258 of the SEC Act.

“Controlling person” means shareholders or other persons who, under circumstances, have significant influence upon the policy making, management or operation of the company, regardless of whether such influence is as a result of being shareholders or being authorised under an agreement or any dealing, particularly the following persons:

- (a) persons having voting rights, either direct or indirect, of more than 25% of the total voting rights of the company;
- (b) persons who, under circumstances, can control the appointment or removal of directors of the company;

SGX-ST Listing Rules and Singapore Securities Laws

- (c) an associated company (being a company in which at least 20.0% but not more than 50.0% of its shares are held by the listed company or group) of the Issuer that is not listed on the SGX-ST or an approved exchange, provided that the Issuer and its subsidiaries (the **“Group”**), or the Group and its interested person(s), has control over the associated company (being a company in which at least 20.0% but not more than 50.0% of its shares are held by the issuer or the Group).

Interested Person

Chapter 9 of the SGX-ST Listing Manual defines an “interested person” to mean, in the case of a company:

- (a) a director, chief executive officer or controlling shareholder (being a person who holds directly or indirectly 15.0% or more of the total number of all voting shares in the issuer, or a person who in fact exercises control over the issuer) of the issuer; or
- (b) an associate of any such director, chief executive officer or controlling shareholder.

Associate

An “associate” is defined as follows:

- (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
 - (i) his spouse, child, adopted child, step-child, sibling and parent (**“immediate family”**);
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and

No. SET Regulations and Thai Securities Laws

- (c) persons who, under circumstances, can control persons responsible for making policies, executives or managements of the company to ensure they comply with the instructions of the management or operations of the company; or
- (d) persons who, under circumstances, operate business of the company or are responsible for the business operations of the company as if they are executives including such other persons who have similar positions and powers.

“Control” under Section 89/1 of the SEC Act means:

- (a) holding of shares with voting rights of a juristic person in an amount exceeding 50.0% of the total number of voting rights of such juristic person;
- (b) having control of majority voting rights in the shareholders meeting of any juristic person, whether directly or indirectly or any other reasons; or
- (c) having control over appointment or removal of at least half of all directors.

“Connected transaction” means any decision to enter into a transaction between the company or its subsidiaries and the company’s connected person.

Rules relating to Connected Transactions

If the company or its subsidiary enters into the connected transaction, the company is required to comply with the prescribed duties, depending on the value of the transaction. In the case of a transaction relating to assets or services, the company must have the following duties:

- (a) if the connected transaction’s value is equal to or less than THB 1.0 million or equal to or less than 0.03% of the net tangible asset value, whichever is higher, the company does not have a duty to make a disclosure to the SET or to seek approval from the board of directors of the company;

SGX-ST Listing Rules and Singapore Securities Laws

- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more.

Announcement Requirement

An issuer must make an immediate announcement of any interested person transaction (except for certain excepted categories of transactions) of a value equal to, or more than, 3.0% of the group’s latest audited net tangible assets. If the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the group’s latest audited net tangible assets, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

These announcement requirements do not apply to any transaction of a value below S\$100,000.

Shareholder Approval

An issuer must obtain shareholder approval for any interested person transaction (except for certain excepted categories of transactions) of a value equal to, or more than:

- (a) 5.0% of the group’s latest audited net tangible assets; or
- (b) 5.0% of the group’s latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

No. SET Regulations and Thai Securities Laws

- (b) if the connected transaction's value is more than THB 1.0 million but less than THB 20.0 million or more than 0.03% but less than 3.0% of the net tangible asset value, whichever is higher, the company must have the following duties:
 - (i) make a disclosure to the SET; and
 - (ii) obtain an approval from the board of directors meeting; or
- (c) if the connected transaction's value is equal to or more than THB 20.0 million or equal to or more than 3.0% of the net tangible asset value, whichever is higher, the company must have the following duties:
 - (i) make a disclosure to the SET;
 - (ii) obtain an approval from the board of directors meeting; and
 - (iii) obtain an approval from the shareholders meeting whereby the notice to the shareholders must include the information required by the Connected Transaction Rules.

Contents of Information Memorandum

To make a disclosure in relation to the connected transaction to the SET, an information memorandum must be submitted to the SET by the company immediately upon entering into the transaction. The information required here is primarily a detailed description of the transaction, which must include at least the following:

- (a) date, month, year when a decision to enter into a transaction is made and relevant parties;
- (b) general explanation regarding the nature of an asset or service and an offer or receipt of financial assistance relating to the decision to enter into a transaction. In the case where the asset under the transaction, in whole or in part, is securities, the name, type of business, nature of business, summary of financial status and operating result, as well as the financial statement of the company which issues such securities, must be identified;

SGX-ST Listing Rules and Singapore Securities Laws

This requirement to obtain shareholder approval does not apply to any transaction of a value below S\$100,000.

A listed issuer may seek a general mandate from shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

Annual Report

A listed issuer must disclose the aggregate value of all interested person transactions entered into during the financial year under review in its annual report.

For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, the foregoing Rules of the SGX-ST Listing Manual will not apply to us. We will however be subject to the corresponding requirements under Thai law and the regulations of the SET.

No. SET Regulations and Thai Securities Laws

SGX-ST Listing Rules and Singapore Securities Laws

- (c) a total value and criteria used in determining a transaction's total value, a total return value, mode of payment either in cash or exchange of asset, conditions, interest rates, period of return payment interest, and collateral (if any);
- (d) name of connected persons, who are contractual parties, including titles of such connected persons in the company or their shareholding ratio in the company, circumstances which may indicate that they are controlling persons, as the case may be, including nature of relationship between connected persons who are corporate entities and the management, major shareholders, controlling persons, persons nominated as the management or controlling persons in such corporate entity, as well as related persons or close relatives of persons having relationship with such corporate entity and name of such persons;
- (e) characteristics and scope of interests of connected persons when agreeing to enter into such connected transaction;
- (f) in the case of asset purchase and offer of financial assistance, financial sources and adequacy of capital flow must be identified. In the case of loan, conditions that may affect shareholders' rights such as restriction of dividend payment must be indicated;
- (g) statements which show that directors who have interests and/or directors who are connected persons, have not attended the meeting and have no right to vote in the meeting, in the case where the company has duty to seek approval to enter into a connected transaction from the board of directors;
- (h) opinions of the board of directors concerning a decision to enter into a connected transaction specifying the reasonableness and the highest benefit to the company compared with a decision to enter into a transaction with an independent third party, in the case where the company has duty to seek approval to enter into a connected transaction from the board of directors; and

No. SET Regulations and Thai Securities Laws

- (i) opinions of the company's audit committee and/or directors which are different from the opinions of the board of directors under (h).

Shareholders' Approval for Connected Transactions

In the case where the shareholders' meeting is required to be convened to approve the decision to enter into a connected transaction, the proposed transaction must be approved by not less than three-fourths of the total number of votes of the shareholders (and proxies) present at the meeting and entitled to vote. The votes of any shareholder with an interest in the matter shall not be counted.

Significant Transactions/Acquisition and Disposal of Assets

4. Section 89/29 of the SEC Act, the Notification of the CMSB No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposition of Assets (the "CMSB Notification") and the Notification of the Board of the Governors of the SET Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004 (the "SET Notification"), collectively, the "Assets Acquisitions and Disposition Rules"

The following bases are used to categorise a transaction:

- (a) the value of assets acquired or disposed of, compared with the value of assets of the company or of the company and its subsidiaries collectively, as the case may be;
- (b) the net after tax profit from the normal course of business operations derived from the assets acquired or disposed of compared with the net profit of the company or of the company and its subsidiaries collectively, as the case may be;
- (c) the total value of the consideration paid or received, compared with the value of assets of the company or of the company and its subsidiaries collectively, as the case may be; or

SGX-ST Listing Rules and Singapore Securities Laws

Chapter 10 of the SGX-ST Listing Manual: Significant Transactions

Certain acquisitions and disposals by the Issuer and its subsidiaries require announcements and/or shareholders' approval, depending on the category of transaction the acquisition or disposal falls under.

Transactions under Chapter 10 are classified as non-discloseable transactions, discloseable transactions, major transactions or very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on the following bases:

- (a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.
- (b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.
- (c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.
- (d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.

No. SET Regulations and Thai Securities Laws

- (d) the value of the securities which are issued by a company or its subsidiaries as consideration for the assets acquired, compared with the value of securities which were already issued for sale by the company or its subsidiaries.

Classification of Transactions

Clauses 2, 13, 16, 18 and 20 of the SET Notification

Transactions are classified according to the relative figures computed on the bases set out in Clause 4 of the SET Notification:

- (a) Class 1 transactions (being: (i) decisions to enter into transactions between the company or any of its subsidiaries and a person which is not a listed company, where any of the relative figures is equal to, or exceeds, 50.0% but is less than 100.0%; or (ii) decisions to enter into transactions between the company or any of its subsidiaries and another listed company or subsidiary of such listed company, where any of the relative figures is equal to 50.0% or more);
- (b) Class 2 transactions (being decisions to enter into transactions between the company or any of its subsidiaries and another listed company or any subsidiary of such listed company, or a person which is not a listed company, where any of the relative figures is equal to 15.0% or more but is less than 50.0%);
- (c) Class 3 transactions (being acquisitions of assets by the company or any of its subsidiaries of another listed company or any subsidiary of such listed company, or a person which is not a listed company, where all the relative figures are less than 15.0% and there is an issuance of securities in consideration for the acquisition of such assets, in relation to which the company must file an application for the approval of such securities as listed securities); and

SGX-ST Listing Rules and Singapore Securities Laws

- (e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.

The SGX-ST may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction.

Rule 1008 of the SGX-ST Listing Manual: Non-Discloseable Transactions

If all of the relative figures computed on the bases set out above amount to 5.0% or less, the transaction amounts to a non-discloseable transaction and no announcement of the transaction would be required.

Rule 1010 of the SGX-ST Listing Manual: Discloseable Transactions

Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction amounts to a discloseable transaction and an immediate announcement would be required by the issuer, after terms have been agreed.

Rule 1014 of the SGX-ST Listing Manual: Major Transactions

Where any of the relative figures as computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction and both an immediate announcement and shareholders' approval in a general meeting would be required.

No. SET Regulations and Thai Securities Laws

- (d) Class 4 transactions (being acquisitions by the company or any of its subsidiaries of all the assets or substantially all of the assets of a company which is not a listed company with the following characteristics:
- (i) any of the relative figures is equal to 100.0% or more;
 - (ii) the asset acquisition results in the controlling power being transferred from the controlling persons of the company to controlling persons of a company which is not a listed company or to the former owner of those assets; and
 - (iii) the asset acquisition is a result of a consolidation of businesses that results in the shareholders of the company owning shares comprising less than 50.0% of the paid-up share capital of the company resulting from the consolidation or results in the controlling power being transferred from the controlling persons of the company to the controlling persons of the company which is not a listed company).

“Controlling person” means shareholders or other persons who, under circumstances, have significant influence upon the policy making, management or operation of the company, regardless of whether such influence is as a result of being shareholders or being authorised under an agreement or any dealing, particularly the following persons:

- (a) persons having voting rights, either direct or indirect, of more than 25.0% of the total voting rights of the company;
- (b) persons who, under circumstances, can control the appointment or removal of directors of the company;
- (c) persons who, under circumstances, can control persons responsible for making policies, executives or managements of the company to ensure they comply with the instructions of the management or operations of the company;

SGX-ST Listing Rules and Singapore Securities Laws

Rule 1015 of the SGX-ST Listing Manual: Very Substantial Acquisitions or Reverse Takeovers

Where an acquisition of assets (whether or not the acquisition is deemed in the issuer's ordinary course of business) is one where any of the relative figures as computed on the bases set out above is 100.0% or more, or is one which will result in a change in control of the issuer, the transaction is classified as a very substantial acquisition or reverse takeover respectively and, in addition to an immediate announcement, both shareholders' approval and the approval of the SGX-ST would be required.

For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, the foregoing Rules of the SGX-ST Listing Manual will not apply to us. We will however be subject to the corresponding requirements under Thai law and the regulations of the SET.

- (d) persons who, under circumstances, operate business of the company or are responsible for the business operations of the company as if they are executives including such other persons who have similar positions and powers.

Announcement/Reporting Requirements

Clauses 13, 16, 18 and 20 of the SET Notification

The company is required to report and disclose, without delay, to the SET the information specified in Schedule (1) annexed to the SET Notification, as follows:

- (a) the date on which the transaction occurs;
- (b) the parties involved, their relationship with the company (except a party which is a third person which has no relationship with the company and which does not want to disclose its name, and the Exchange has considered that identifying such party is of no importance to the transaction in question);
- (c) the general characteristics of the transaction, which must include category and volume of the transaction;
- (d) the details of assets purchased or disposed of together with an explanation relating to the business to be further operated;
- (e) the total value of the consideration, giving clear details of the mode of payment including conditions of various agreements relating to payment or payment by instalment;
- (f) the value of assets purchased or disposed of;
- (g) the basis used to determine the value of consideration;
- (h) where necessary, the amount of net after tax profit and profit after any specific transaction which is a part of assets purchased or disposed of for two fiscal years prior to the occurrence of the transaction;

No. SET Regulations and Thai Securities Laws

SGX-ST Listing Rules and Singapore Securities Laws

- (i) the profit expected to be generated for the company as a result of the said transaction;
- (j) in the case of entering into a purchase of assets, the sources of funds to be used must be included. If it is a loan from a financial institution, conditions affecting the rights of shareholders, such as restrictions on payment of dividends, must also be included;
- (k) in the case of disposition of assets, the proposed utilisation of the proceeds from the sale must be included;
- (l) in the case of issuance of securities for payment of the purchase price of the assets, the category and details of securities issued by the company and the number and price of the shares issued as consideration must be included;
- (m) where entering into the transaction must proceed under the condition that an approval from the SET and/or the shareholders meeting, as the case may be, must be obtained, this must be stated clearly;
- (n) in the case that the company invests in an enterprise which has a connected person of the company holding at least 10.0% of the total voting shares of that enterprise, and the business of that enterprise is related to the business of the company, explanation of the reasons why the company does not hold all of the shares of that enterprise in lieu of the connected person, and the measure for prevention of conflict of interest that may arise in the future, must be provided;
- (o) opinions of the board of directors concerning a decision to enter into a transaction; and
- (p) opinions of the company's audit committee and/or directors which are different from the opinions of the board of directors under (o).

Shareholders' Approval

Clauses 31, 32, 33 and 34 of the SET Notification

When the company or any its subsidiaries makes a decision to enter into a transaction which requires approval from the shareholders, i.e. a Class 1 transaction and Class 4 transaction, the company must have an independent financial advisor to give the opinions in connection with the transaction to the board of directors and must deliver such opinion to the SEC and the shareholders.

Moreover, the company must send such notice to the SET for its review of the adequacy of the information therein in accordance with any of the following rules:

- (a) send a notice of invitation to the shareholders' meeting to the SET at least five business days before sending it to the shareholders. The SET may order the company to disclose additional information as it deems necessary and appropriate. The company will send a notice of invitation to the shareholders' meeting to its shareholders after five business days from the date the SET has duly received such notice, during which the SET does not require the company to inform additional information; or
- (b) send a notice of invitation to the shareholders meeting to the SET at the same time it is sent to the shareholders. The SET will review an adequacy of the information therein within five business days following the date the SET has duly received such notice and the SET may take any act including ordering the company to disclose additional information for shareholders as it deems necessary and appropriate.

The company must disclose criteria for the delivery of notice of invitation to the shareholders meeting under the first paragraph to the SET at the same time it discloses the information when the board of directors passes a resolution on the date of the shareholders' meeting.

Trading Halt, Suspension and Delisting

5. Trading Halt and Trading Suspension

H Sign

Under Regulation of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures for Temporary Suspension of Listed Securities Trading B.E. 2562 (2019), the SET shall have the power to order a temporary suspension of trading of any listed securities on the SET by posting the H Sign on the securities upon the occurrence of any of the following events:

- (a) there is material information which has not been reported by the listed company to the SET and the SET is inquiring the facts and waiting for explanation from the listed company whereby the SET opines that the listed company can immediately report or disclose such material information to the SET;
- (b) the trading condition of any listed securities indicates that some groups of investors may have obtained material information and the SET is inquiring the facts and waiting for explanation from the listed company whereby the SET opines that the listed company can immediately clarify or disclose such material information to the SET;
- (c) the listed company requests the SET to order a temporary suspension of the trading of its listed securities because the material information of the listed company is pending for disclosure whereby the SET opines that the listed company can immediately clarify or disclose such material information to the SET. In this regard, the request shall be made in writing and shall include the reasons and time period for the explanation or disclosure of material information by the listed company to the SET;
- (d) the underlying securities of the listed securities is subject to the posting of the H Sign or any other similar sign or action;
- (e) the foreign listed securities are subject to the posting of the H Sign or any other similar sign or action abroad;

Rule 1302 of the SGX-ST Listing Manual

- (1) The SGX-ST may at any time grant a trading halt to enable the issuer to disclose material information or suspend trading of the listed securities of an issuer at the request of the issuer. The SGX-ST is not required to act on the request.
- (2) The trading halt cannot exceed three market days or such short extension as the SGX-ST agrees.
- (3) A trading halt may be changed to a suspension by the SGX-ST at any time.

Rule 1303 of the SGX-ST Listing Manual

The SGX-ST may at any time suspend trading of the listed securities of an issuer in any of the following circumstances:–

- (1) If the percentage of an issuer's total number of issued shares excluding treasury shares held in public hands falls below 10.0%, as provided in Rule 723 of the SGX-ST Listing Manual. In a take-over situation, where the offeror succeeds in garnering acceptances exceeding 90.0% of the issuer's total number of issued shares excluding treasury shares, thus causing the percentage of an issuer's total number of issued shares excluding treasury shares held in public hands to fall below 10.0%, the SGX-ST will suspend trading of the listed securities of the issuer only at the close of the take-over offer;
- (2) Where there is a change in the issuer's assets that produces a situation where its assets consist wholly or substantially of cash or short-dated securities, as provided in Rule 1018 of the SGX-ST Listing Manual;
- (3) Where the issuer is unable to continue as a going concern or unable to demonstrate to the SGX-ST and its shareholders that it is able to do so, including the following circumstances:
 - (a) when an application is filed with a court to place the issuer (or significant subsidiary) under judicial management;

No. SET Regulations and Thai Securities Laws

- (f) there is a drastic change in the prices or trading volume of any listed securities or there is a high concentration in the trading of such listed securities which is likely to cause damage to the overall trading position of such listed securities; or
- (g) there is any other event which may seriously affect the trading of any listed securities and which may prevent the trading of such listed securities on the SET from proceeding normally.

Each temporary suspension of the trading of listed securities by posting the H Sign shall not exceed one trading session, unless temporary suspension of trading of securities by posting the H Sign has been ordered during trading session, and such suspension order is not yet cancelled, in which case the suspension order shall remain valid off-hour pursuant to the regulations of the SET regarding procedures on trading, clearing and settlement of securities in the SET.

SP Sign

The SET shall have the power to order temporary suspension of trading of any listed securities on the SET by posting the SP Sign on such securities upon the occurrence of any of the following events:

- (a) upon the occurrence of the H Sign events under (a), (b) or (c) listed above, as the case may be, and the SET opines that the listed company cannot immediately report, clarify or disclose material information to the SET;
- (b) the listed company materially violates or fails to comply with the law on securities and the SET's regulations, rules, notifications, orders, resolutions of the SET, listing agreement with the SET, and any circulars with which the SET requires compliance;
- (c) the listed company fails to submit financial statements to the SET within the period specified by the SET or submits financial statements for which an auditor issued an adverse opinion, unless there exists necessity and reasonable cause which prevents the listed company from submitting such financial statements to the SET within such period;

SGX-ST Listing Rules and Singapore Securities Laws

- (b) when an application is filed with a court for the liquidation of the issuer (or significant subsidiary) and the amount of the debt alleged is significant; or
- (c) when the issuer is unable to reasonably assess its financial position and inform the market accordingly.
- (4) Where the issuer is unable or unwilling to comply with, or contravenes, a listing rule;
- (5) Where, in the opinion of the SGX-ST, it is necessary or expedient in the interest of maintaining a fair, orderly and transparent market;
- (6) Where, in the opinion of the SGX-ST, it is appropriate to do so; or
- (7) Where the SGX-ST releases an announcement in relation to the issuer which, in the opinion of the SGX-ST, is market sensitive.

Rule 1304 of the SGX-ST Listing Manual

If the trading of the listed securities of an issuer is suspended under Rule 1303(3) of the SGX-ST Listing Manual, it must:

- (1) submit a proposal (or proposals) to the SGX-ST with a view to resuming trading in its securities ("**resumption proposals**") within 12 months of the date of suspension. If no resumption proposals are received to enable trading to resume within 12 months of the date of suspension, the SGX-ST may remove the issuer from the Official List; and
- (2) implement the resumption proposals within six months from the date the SGX-ST indicates that it has no objection to the resumption proposals. If the resumption proposals have not been implemented within the six months, the SGX-ST may remove the issuer from the Official List. The issuer is expected to provide monthly valuation of its assets and utilisation of cash and updates of milestones in completing the relevant transactions to the market via SGXNET.

No. SET Regulations and Thai Securities Laws

- (d) the listed securities of the listed company are under delisting consideration by the SET, the listed company is in the process of eliminating grounds for delisting;
- (e) the listed securities are to become due for redemption, conversion or exercise of right or right to resell;
- (f) the underlying asset of the listed securities is subject to the posting of the SP Sign or any other similar sign or action; or
- (g) there is any other event which may seriously affect the trading of any listed securities and which may prevent the trading of such listed securities on the SET from proceeding normally.

A temporary suspension of trading of listed securities by posting the SP Sign shall be for a duration exceeding one trading session.

Delisting

Ordinary shares of the listed company may be delisted upon occurrence of any of the following events:

- (a) the ordinary shares do not meet all the qualifications pursuant to the part of qualifications of listed securities in the regulations of the SET governing listing of securities.
- (b) the listed company violates or fails to comply with the laws governing securities and SET, regulations of the SET, listing agreement executed with the SET as well as any circulars required by the SET for compliance, which may seriously and adversely affect the rights, interests or decision of the investors or the change of price of the securities.

SGX-ST Listing Rules and Singapore Securities Laws**Rule 1305 of the SGX-ST Listing Manual**

The SGX-ST may remove an issuer from its Official List (without the agreement of the issuer) if:

- (1) the issuer is unable or unwilling to comply with, or contravenes, a listing rule;
- (2) in the opinion of the SGX-ST, it is necessary or expedient in the interest of maintaining a fair, orderly and transparent market;
- (3) in the opinion of the SGX-ST, it is appropriate to do so; or
- (4) the issuer has no listed securities.

Rule 1306 of the SGX-ST Listing Manual

If the SGX-ST exercises its power to remove an issuer from the Official List, the issuer or its controlling shareholder(s) must, subject to Rule 1308 of the SGX-ST Listing Manual, comply with the requirements of Rule 1309 of the SGX-ST Listing Manual.

Rule 1307 of the SGX-ST Listing Manual

The SGX-ST may agree to an application by an issuer to delist from the SGX-ST if:

- (1) the issuer convenes a general meeting to obtain shareholder approval for the delisting; and
- (2) the resolution to delist the issuer has been approved by a majority of at least 75.0% of the total number of issued shares excluding treasury shares and subsidiary holdings held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting. The offeror concert party group must abstain from voting on the resolution.

No. SET Regulations and Thai Securities Laws

- (c) the listed company discloses false information in the application, financial statements or report submitted to the SET or revealed to the general public, which may seriously and adversely affect the rights, interests or decision of the investors or the change of price of the securities.
- (d) the listed company fails to disclose material information or makes a mistake in disclosing material information, which may seriously and adversely affect the rights, interests or decision of the investors or the change of price of the securities.
- (e) the listed company's operation or financial condition falls within any of the following cases:
 - (i) the assets used in the operation of the listed company has significantly lessened or are going to significantly lessen as a result of the sale, disposition, letting, separation, operation suspension, abandonment, destruction, deterioration, seizure, expropriation or any other case resulting in the same effect;
 - (ii) the operation of the listed company is suspended entirely or almost entirely for any reason whatsoever, regardless of whether such suspension of operation is due to the act of the listed company or any other person;
 - (iii) the auditor issues a disclaimer opinion on the financial statements of the listed company for 3 consecutive years; or
 - (iv) the financial condition disclosed in the latest audited financial statements or consolidated financial statements shows that the shareholders' equity is lower than zero.

SGX-ST Listing Rules and Singapore Securities Laws

Rule 1308 of the SGX-ST Listing Manual

- (1) Rules 1307 and 1309 of the SGX-ST Listing Manual do not apply to a delisting pursuant to: (a) voluntary liquidation; or (b) an offer under the Singapore Take-over Code (as defined herein) provided that the offeror is exercising its right of compulsory acquisition.
- (2) Rule 1307 of the SGX-ST Listing Manual does not apply to a delisting pursuant to a scheme of arrangement.

Rule 1309 of the SGX-ST Listing Manual

If an issuer is seeking to delist from the SGX-ST:

- (1) an exit offer must be made to the issuer's shareholders and holders of any other classes of listed securities to be delisted. The exit offer must (a) be fair and reasonable; and (b) include a cash alternative as the default alternative; and
- (2) the issuer must appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable.

For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, the foregoing Rules of the SGX-ST Listing Manual will not apply to us. We will however be subject to the corresponding requirements under Thai law and the regulations of the SET.

No. SET Regulations and Thai Securities Laws**SGX-ST Listing Rules and Singapore Securities Laws**

In case that the financial condition does not show that the shareholders' equity of the listed company is lower than zero, but the auditor has issued a qualified opinion or a disclaimer opinion on the financial statements or consolidated financial statements, and the SET is of the opinion that it may substantially affect the financial condition of the listed company, the SET may consider the financial condition of the listed company by adjusting the condition from the report issued by the auditor and apply the rules prescribed in the first paragraph as it deems appropriate.

- (f) the listed company enters into liquidation to dissolve its business.
- (g) the listed company is under receivership by a court order or under any similar circumstance.
- (h) the listed company does any act which may seriously damage the interests of the shareholders.
- (i) the nature of business operation of the listed company is not suitable for it to remain a listed company.
- (j) there is a change in the listed company's shareholding in its subsidiary companies or associated companies and such change in shareholding seriously and adversely affects the results of operations, financial condition and liquidity of the listed company.
- (k) the listed company having the criteria to which may be delisted or having its shares delisted on the Home SET.

- (l) the listed company and/or any of its subsidiary company disposes of all or most of the assets used in the ordinary course of its business thereby causing the listed company and/or any of its subsidiaries to have all or most of its assets in the form of cash or short-term securities for more than 6 months from the date the SET has received the statement of financial position after the disposition of all or most of the assets of the listed company and/or any of its subsidiaries reviewed by the auditor.
- (m) the SET orders a temporary suspension of trading of listed securities on the SET by posting SP (Suspension) sign on such securities pursuant to the regulation of the SET regarding temporary suspension of the trading of listed securities for a period of more than 2 years due to the listed company's violation or failure to comply with the law on securities and SET, rules, regulations notifications, orders, resolutions of the Board, listing agreement with the SET, as well as any circulars prescribed by the SET, or the listed company's failure to report, clarify or disclose material information to the SET promptly.
- (n) the listed company is unable to eliminate the grounds for delisting or to repossess the qualifications in order to resume trading pursuant to the procedure prescribed by the SET.

Upon the occurrence of any such event, the SET shall notify the listed company of such event in writing without delay and give an opportunity for the listed company to make explanations.

When the SET considers that the listed company is able to eliminate the grounds for delisting, the SET may designate a period of time for the listed company to eliminate the grounds for delisting.

When the SET considers that it is not possible to eliminate the grounds for delisting the ordinary shares of the listed company, the SET shall propose to the Board of the SET for an order to delist the ordinary shares of the listed company.

Shareholders' Reporting Obligations

6. Reporting Obligations of Shareholders

Under the SEC Act and the Notification of the Capital Market Supervisory Board No. TorJor. 28/2554 Re: Requirements Related to Reporting of Acquisition and Disposal of Securities, where any person, on his own or acting in concert with others, acquires or disposes of the shares of the company and thereby increases or decreases the number of securities of the company held by him or any other person to a number which in aggregate reaches any multiple of 5.0% of the total number of voting rights of the company, whether or not the transfer of shares in such acquisition or disposition has been registered and regardless of the amount of such increase or decrease, such person shall report to the office of the SEC within three business days each time such an acquisition or disposition has been made.

For the purpose of the above reporting requirement, the shares held by the "related persons" of any person (as defined by Section 258 of the SEC Act) shall be regarded as the shares held by such person.

On the basis that the CDP merely acts as the clearing house for the shares traded on the SGX-ST and the Depository Agent as a holder of Securities Accounts maintained with CDP, when CDP or the Depository Agent acquires or disposes of any multiple of 5.0% of the total number of voting rights of the company, it will not be required to file an acquisition or disposition report to the office of the SEC pursuant to Section 246 of the SEC Act.

OBLIGATION TO NOTIFY COMPANY AND THE SGX-ST OF SUBSTANTIAL SHAREHOLDING AND CHANGE IN SUBSTANTIAL SHAREHOLDING

Section 81 of the Singapore Companies Act

A person has a substantial shareholding in a company if he has an "interest" in voting shares in the company, and the total votes attached to those shares is not less than 5.0% of the total votes attached to all the voting shares in the company.

Section 82 of the Singapore Companies Act

A substantial shareholder in a company is required to notify the company in writing of his name, address and full particulars of his "interests" in the voting shares in the company within two business days after becoming a substantial shareholder.

Sections 83 and 84 of the Singapore Companies Act

A substantial shareholder is required to notify the company in writing of changes in the "percentage level" of his shareholding or his ceasing to be a substantial shareholder within two business days after he is aware of such changes or within two business days after he ceased to be a substantial shareholder, as the case may be.

The reference to changes in "percentage level" means any changes in a substantial shareholder's interest in the company which results in his interest, following such change, increasing or decreasing to the next discrete 1.0% threshold. For example, an increase in interests in the company from 5.1% to 5.9% need not be notified, but an increase from 5.9% to 6.1% will have to be notified.

No. SET Regulations and Thai Securities Laws

However, if an investor acquires or disposes of any beneficial interest in the shares of the company through CDP or a Depository Agent, either singly or in combination with his/her existing shares, and if, as a result of such holding, the investor would increase or decrease his/her beneficial interest in the shares of the company through CDP or the Depository Agent or the aggregate number of shares held by the investor by any multiple of 5.0% of the total number of voting rights of the company, the investor will be required to file an acquisition or disposition report to the SEC within three business days each time such an acquisition or disposition has been made in accordance with the SEC Act and the Notification of the Capital Market Supervisory Board No. TorJor. 28/2554 Re: Requirements Related to Reporting of Acquisition and Disposal of Securities.

In determining when the above reporting requirement is triggered, the investor will be required to aggregate the shares of the company held by the investor and any beneficial interest in the shares of the company with those of his/her "related persons" (as such term is defined in Section 258 of the SEC Act).

SGX-ST Listing Rules and Singapore Securities Laws

Section 164(1) of the Singapore Companies Act

A company is required to keep a register showing with respect to each director of the company particulars of the following interests (the "Interests"):

- (a) shares in that company or in a related corporation, being shares of which the director is a registered holder or in which he has an interest and the nature and extent of that interest;
- (b) debentures of or participatory interests made available by the company or a related corporation which are held by the director or in which he has an interest and the nature and extent of that interest;
- (c) rights or options of the director or of the director and another person or other persons in respect of the acquisition or disposal of shares in the company or a related corporation; and
- (d) contracts to which the director is a party or under which he is entitled to a benefit, being contracts under which a person has a right to call for or to make delivery of shares in the company or in a related corporation.

Section 165 of the Singapore Companies Act

Every director and chief executive officer of a company is required to notify the company in writing of:

- (a) such particulars relating to his Interests as are necessary for the purposes of compliance by the first-mentioned company with Section 164 that are applicable in relation to him;
- (b) particulars of any change in respect of the particulars referred to in paragraph (a) of which notice has been given to the company including the consideration, if any, received as a result of the event giving rise to the change; and

No. SET Regulations and Thai Securities Laws

Reporting Requirement of the Directors and Executives

Under Section 59 of the SEC Act and the Notification of the Office of the Securities and Exchange Commission No. Sor Jor. 38/2561 Re: Preparation of Report on Changes to the Securities and Derivatives Holding of Director, Executive, Auditor, Plan Preparer and Plan Administrator, if a director or an executive of the company acquires, disposes, transfers or accepts any transfer of shares of the company or any convertible securities or derivatives having the shares of the company as the underlying security (including the acquisition, disposition, transfer or acceptance of transfer of shares of the company on the SET and the SGX-ST), such director or executive of the company will be required to file a report on the change of his/her shareholding in the company, including the shareholding of his/her spouse or cohabiting couple, minors and juristic person where the directors/executives and such related persons hold shares at an aggregate amount exceeding thirty percent of the total voting shares of such juristic person and such aggregate shareholding is the largest proportion thereof, to the SEC within three business days from the date of the acquisition, disposition, transfer or acceptance of transfer of shares of the company.

SGX-ST Listing Rules and Singapore Securities Laws

(c) such events and matters affecting or relating to himself as are necessary for the purposes of compliance by the company with Section 173A that are applicable in relation to him. In the case of sub-paragraph (a), the notification to the company shall be given within two business days after the date he became a director or a chief executive officer or the date on which he became a registered holder of or acquired his Interest, whichever last occurs, and in the case of sub-paragraph (b), within two business days after the occurrence of the event giving rise to the change in his Interests.

(d) [Deleted]

Division 1 of Part VII of the SFA

Section 133 of the SFA requires the directors and chief executive officers of a corporation to give written notice to the corporation of particulars of:

- (a) shares in the corporation or a related corporation of the corporation which he holds, or in which he has an interest and the nature and extent of that interest;
- (b) debentures of the corporation or a related corporation of the corporation which he holds, or in which he has an interest and the nature and extent of that interest;
- (c) his rights or options, or rights or options of his and another person or other persons, in respect of the acquisition or disposal of shares in or debentures of the corporation or a related corporation of the corporation;
- (d) contracts to which he is a party, or under which he is entitled to a benefit, being contracts under which a person has a right to call for or to make delivery of shares in the corporation or a related corporation of the corporation;

No. SET Regulations and Thai Securities Laws

SGX-ST Listing Rules and Singapore Securities Laws

- (e) participatory interests made available by the corporation or a related corporation of the corporation which he holds, or in which he has an interest and the nature and extent of that interest;
- (f) such other securities or securities-based derivatives contracts as the Authority may prescribe, which are held, whether directly or indirectly, by him, or in which he has an interest and the nature and extent of that interest; and
- (g) any change in respect of the particulars of any matter referred to in paragraphs (a) to (f) above.

A notice shall be given:

- (a) in the case of paragraph (g) above, within two business days after the director or chief executive officer becomes aware of the change; or
- (b) in any other case, within two business days after the date on which the director or chief executive officer becomes such a director or chief executive officer, or the date on which the director or chief executive officer becomes a holder of, or acquires an interest, whichever last occurs.

Section 135 of the SFA requires a person who is or (if he has ceased to be one) had been a substantial shareholder in a corporation to give notice in writing to the corporation of particulars of the voting shares in the corporation in which he has or had an interest or interests and the nature and extent of that interest or those interests within two business days after the person becomes aware that he is or (if he has ceased to be one) had been a substantial shareholder.

Section 136 of the SFA requires a substantial shareholder to give notice in writing to the corporation within two business days after he becomes aware of a change in the percentage level (as described earlier above) of his interest or interests in the voting shares in the corporation.

No. SET Regulations and Thai Securities Laws

SGX-ST Listing Rules and Singapore Securities Laws

Section 137 of the SFA requires a person who ceases to be a substantial shareholder in a corporation to give notice in writing to the corporation within two business days after he becomes aware that he has ceased to be a substantial shareholder.

A reference to a corporation is a reference to any body corporate formed or incorporated or existing in Singapore or outside Singapore and includes any foreign company but does not include (a) any body corporate that is incorporated in Singapore and is by notification of the Minister in the Gazette declared to be a public authority or an instrumentality or agency of the Singapore government or to be a body corporate which is not incorporated for commercial purposes; (b) any corporation sole; (c) any co-operative society; (d) any registered trade union; or any limited liability partnership.

For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, the foregoing provisions of the Singapore Companies Act and the SFA will not apply to us. We will however be subject to the corresponding requirements under Thai law and the regulations of the SET.

Voting and Proxies

7. Section 89/31 of the SEC Act provides that solicitation, leading or doing any act in a general manner to shareholders of the company with a view to enticing the shareholders to give proxy to the person doing such act or any other persons to attend and vote at the shareholders' meeting on their behalf, shall comply with the rules, conditions and procedures as specified in the notification of the CMSB.

A shareholder of a Singapore-incorporated company listed on the SGX-ST would normally be entitled to attend and vote at a general meeting of shareholders if his name appears on the depository register maintained by CDP 48 hours before the general meeting. However, this entitlement will not apply to shareholders of a foreign-incorporated company.

In relation to our Company, CDP has appointed a Thai custodian to safekeep all the shares held by CDP. Such Thai custodian will act as CDP's proxy during a general meeting of Shareholders and CDP will instruct such Thai custodian to split its votes in accordance with the instructions that CDP receives from investors holding Shares through CDP.

See "*Description of Share Capital – Summary of Selected Provisions of our Articles of Association – General Meetings of Shareholders*" for further details.

Changes in Capital

8. Listing of Additional Newly Issued Securities

Under the Notification of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures Governing the Listing of Ordinary or Preferred Shares Issued for Capital Increase B.E. 2558 (2015), the ordinary or preferred shares issued for a capital increase shall have qualifications equivalent to those of the ordinary or preferred shares of such listed company which have been listed on the SET.

If any of the following events occurs the SET may decline to approve the listing of the ordinary or preferred shares issued for a capital increase.

- (1) The listed company increases its capital or allots the new shares and fails to comply with the Notification of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures Governing the Disclosure of Information in respect of Capital Increase of Listed Companies B.E. 2563 (2020).
- (2) The listed company issues ordinary or preferred shares as consideration for the property acquired and the issuance of such shares fails to comply with the Notification of Capital Market Supervisory Board No.TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets.

Rule 805(1) of the Listing Manual

Except as provided in Rule 806 of the Listing Manual, an issuer must obtain the prior approval of shareholders in a general meeting for, among others, the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer.

Rule 806(1) of the Listing Manual

A company need not obtain the prior approval of shareholders in a general meeting for the issue of securities if the shareholders had, by ordinary resolution in a general meeting, given a general mandate to the directors of the issuer to issue (a) shares; (b) convertible securities; (c) additional convertible securities issued pursuant to Rule 829 of the Listing Manual, notwithstanding that the general mandate may have ceased to be in force at the time the securities are issued, provided that the adjustment does not give the holder a benefit that a shareholder does not receive; or (d) shares arising from the conversion of the securities in (b) and (c), notwithstanding that the general mandate may have ceased to be in force at the time the shares are to be issued.

Rule 806(2) of the Listing Manual

A general mandate must limit the aggregate number of shares and convertible securities that may be issued. The limit must be not more than 50.0% of the total number of issued shares excluding treasury shares and subsidiary holdings in each class, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20.0% of the total number of issued shares excluding treasury shares and subsidiary holdings in each class. Unless prior shareholder approval is required under the Listing Rules, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

No. SET Regulations and Thai Securities Laws

- (3) The listed company issues new ordinary or preferred shares to connected persons and fails to comply with the Notification of Capital Market Supervisory Board No.TorChor 21/2551 Re: Rules on Connected Transactions.
- (4) The listed company fails to submit an application for the listing of ordinary or preferred shares issued for the capital increase in the form required or fails to give an explanation or submit documents or evidence to support the consideration as instructed by the SET.

SGX-ST Listing Rules and Singapore Securities Laws

Rule 806(6) of the Listing Manual

A general mandate may remain in force until the earlier of the following:

- (a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution. By an ordinary resolution passed at that meeting, the mandate may be renewed, either unconditionally or subject to conditions; or
- (b) it is revoked or varied by ordinary resolution of the shareholders in general meeting.

Rule 824 of the Listing Manual

Every issue of company warrants or other convertible securities not covered under a general mandate must be specifically approved by shareholders in general meeting.

Rule 864 of the Listing Manual

The following are some of the factors will be taken into account by the SGX-ST in considering an application for listing of additional equity securities:

- (1) rationale for the issue;
- (2) whether the issuer is and has been in compliance with the Listing Rules;
- (3) whether the issuer has made full disclosure of the material facts relating to the issue necessary for the SGX-ST to decide on the application; and
- (4) the SGX-ST must be notified immediately if, before the commencement of dealing in any equity securities which are the subject of an application, the issuer becomes aware that:
 - (a) there has been a significant change affecting any matter contained in the application; or

No. SET Regulations and Thai Securities Laws

SGX-ST Listing Rules and Singapore Securities Laws

- (b) a significant new matter has arisen, which would have been required to be included in the application if it had arisen before the application was submitted.

For the purpose of this rule, “significant” means significant for the purpose of making an assessment of the activities, assets and liabilities, financial position, management and prospects of the group, and of its profits and losses and of the rights attaching to the securities.

For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, the foregoing Rules of the SGX-ST Listing Manual will not apply to us. We will however be subject to the corresponding requirements under Thai law and the regulations of the SET.

Insider Trading

9. Prohibition of Unfair Trading Activities

Sections 218 and 219 of the SFA

Section 242 of the SEC Act prohibits a person who knows or possesses inside information related to the company to purchase or sell securities or enter into a derivatives contract related to securities, either for oneself or other persons, except in the following cases:

- (1) such action is in compliance with the law, the court’s order, or the order of an agency with the legal power;
- (2) such action is in accordance with the obligations to a derivatives contract that has been made before one becomes aware of or possesses inside information related to the company;
- (3) such action is decided by such person but delegated to the licensed or registered person under the law on management of capital or investment to make a securities trading decision or enter into a derivatives contract related to such securities; or

Sections 218 and 219 of the SFA prohibit persons from dealing in securities of a corporation if any such person (a) possesses information concerning that corporation that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation; and (b) knows or reasonably ought to know that he is in possession of information that is not generally available, and if it were generally available, it might have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation.

No. SET Regulations and Thai Securities Laws

- (4) such action not having a characteristic of taking advantage of other persons or any characteristic as specified by the SEC.

Under section 243 of the SEC Act, it shall be presumed that the following persons have known or possessed the inside information in accordance with section 242 of the SEC Act:

- (1) director, executive or controlling person of a securities issuing company;
- (2) employee or staff member of a securities issuing company who holds a position, or is in the line of work, responsible for or capable of accessing inside information;
- (3) any person who is able to know inside information by performing duties as an auditor, financial advisor, legal advisor, asset appraiser or any other person whose duties are related to inside information, including employees, staff members or colleagues of the aforesaid persons who hold a position or is in the line of work involved in the performance of duties related to such inside information;
- (4) director, sub-committee member, representative of a juristic person, agent, staff member, employee, advisor or operator in a governmental agency, the SEC, the SET, the over-the-counter centre or the derivatives exchange (e.g., TFEX), who is in the position or the condition that can access inside information through the performance of duties; and
- (5) juristic person whose business is under control of the persons under (1), (2), (3) or (4).

SGX-ST Listing Rules and Singapore Securities Laws

Such persons include:

- (a) officers of a corporation in a related corporation;
- (b) substantial shareholder of a corporation or a related corporation;
- (c) a person who occupies a position reasonably expected to give him access to inside information by virtue of:
 - (i) any professional or business relationship existing between himself (or his employer or a corporation of which he is an officer) and that corporation or a related corporation; or
 - (ii) being an officer of a substantial shareholder in that corporation or in a related corporation; and
- (d) any other person in possession of inside information.

No. SET Regulations and Thai Securities Laws**SGX-ST Listing Rules and Singapore Securities Laws**

Under Section 244 of the SEC Act, it shall be presumed that the following persons, who have traded securities or entered into a derivatives contract in a different manner from their normal practice, have known or possessed the inside information under Section 242:

- (1) holder of securities exceeding five percent of the securities issuing company's total securities sold, including the securities held by the spouse or cohabiting couple and underage children of the securities holder;
- (2) director, executive, controlling person, employee, or staff member of business in the group of the securities issuing company, who holds a position or is in the line of work responsible for or capable of accessing inside information;
- (3) ascendant, descendant, child adopter or adopted child of the persons under Section 243;
- (4) sibling of the same blood parents or sibling of the same blood father or mother of the persons under Section 243;
- (5) spouse or cohabiting couple of the persons under Section 243 or the persons under (3) or (4).

In addition, the law prohibits disclosing inside information to other persons, either directly or indirectly and by any means, while one knows or ought reasonably to know that the receiver of such information may exploit such information for trading securities or entering into a derivatives contract related to such securities, either for the benefit of oneself or other persons, except when such action does not have the characteristics of taking an advantage of other persons or has the characteristics as specified by the SEC.

Securities Market Manipulation

10. Section 244/3 of the SEC Act states that no person shall take any of the following actions: (1) placing a trading order or trading securities in such a way that misleads other persons regarding the price or volume of the securities trading; and (2) placing a securities trading order or trading securities on a continued basis with an intent to cause the price or the volume of such securities trading to be inconsistent with the normal market condition, except for the actions as listed in Section 244/4 as follows:

- (1) trading of securities for price stabilisation under the underwriting agreement with the company and in compliance with the notification issued by the CMSB;
- (2) repurchasing of shares or selling of the repurchased shares in the share repurchase project in compliance with the notification issued by the SET; and
- (3) purchasing or selling of securities in accordance with the rules, conditions and procedures as specified in the notification of the SEC.

Section 244/5 also states that any of the following acts shall be presumed to be an act that has caused other persons to have a misunderstanding of the price or volume of the securities trading under Section 244/3 (1), or an act that has caused the price or volume of such securities trading to be inconsistent with the normal market condition under Section 244/3 (2), as the case may be:

- (1) purchasing or selling securities in such a way that does not involve a change of beneficial ownership of such securities;
- (2) placing a securities purchasing order while being aware that oneself or an associate has made an order to sell the same securities or will do so at a similar amount and a similar price within a similar period of time;

Section 198(1) of the SFA

No person shall effect, take part in, be concerned in or carry out, directly or indirectly, two or more transactions in securities, or securities-based derivatives contracts, of a corporation, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of securities, or securities-based derivatives contracts, as the case may be, of that corporation on an organised market, with the intent to induce other persons to subscribe for, purchase or sell securities, or securities-based derivatives contracts, as the case may be, of the corporation or of a related corporation.

No. SET Regulations and Thai Securities Laws

SGX-ST Listing Rules and Singapore Securities Laws

- (3) placing a securities selling order while being aware that oneself or an associate has made an order to buy the same securities or will do so at a similar amount and a similar price within a similar period of time;
- (4) placing, modifying, or cancelling a securities trading order during the pre-opening or pre-closing period of the SET or the over-the-counter centre, as the case may be, with an intent to cause the opening or closing price of such securities to be higher or lower than it should have been; and
- (5) placing, modifying, or cancelling a securities trading order in such a way that obstructs the securities trading of other persons, which causes other persons to place a trading order at a higher or lower price than it should have been.

In this regard, Section 244/6 provides the factors for the assumption that a person who has committed any of the following acts is the principal for committing the offences under Section 244/3:

- (1) opening a joint bank account for making payment or receiving payment related to or because of a securities trading;
- (2) allowing any person to seek benefits by using one's own bank account for making payments or receiving payments related to or because of securities trading;
- (3) allowing any person to use one's own securities trading account;
- (4) making a payment or receiving a payment for a securities trading for any person;

No. SET Regulations and Thai Securities Laws

- (5) placing money or other assets as collateral for the securities trading of any person;
- (6) allowing any person to receive benefits or oversee payments related to or because of one's own securities trading; or
- (7) transferring or receiving a transfer of securities between each other.

Take-over Offers

11. Thai Takeover Regulations

Trigger points

Under the SEC Act and the Notification of the Capital Market Supervisory Board No. TorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, if any person (either on his own or acting in concert with others) acquires the shares of the company resulting in such person holding shares which are equal to or in excess of the following trigger points:

- (1) 25.0%;
- (2) 50.0%; or
- (3) 75.0%,

of the total voting rights of the company, such person will be obliged to make a tender offer for all shares of the company, unless a waiver from the SEC is obtained. The making of the tender offer in this case is required by law and is commonly referred to as the "mandatory tender offer".

SGX-ST Listing Rules and Singapore Securities Laws

The Singapore Code on Take-overs and Mergers (the "Singapore Take-over Code")

Trigger points

The Singapore Take-over Code regulates the acquisition of ordinary shares of public companies and contains certain provisions that may delay, deter or prevent a future takeover or change in control of the company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in shares carrying 30.0% or more of the voting rights of the company, or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of shares carrying voting rights of the company, and if he (or parties acting in concert with him) acquires additional shares carrying more than 1.0% of the voting rights of the company in any six-month period, must, except with the consent of the Securities Industry Council in Singapore, extend a takeover offer for the remaining voting shares of the company in accordance with the provisions of the Singapore Take-over Code.

No. SET Regulations and Thai Securities Laws

Under the Notification of the Capital Market Supervisory Board No. TorChor. 7/2552 Re: Acting in concert as a result of the nature of a relationship or behaviour and requirements under Sections 246 and 247, if any person allows any other person to exercise his voting rights, for the purpose of achieving common control of the voting rights or of a business, and they have a relationship or act together in any of the manners set out below, such persons are deemed to be acting in concert and shall have an obligation to report the acquisition or disposal of securities of a business under the Notification issued by virtue of Section 246 of the SEC Act or an obligation to make a tender offer of securities of a business under the Notification issued by virtue of Section 247 of the SEC Act.

- (1) Having an agreement to exercise their voting rights in the same direction, or an agreement to permit any party to exercise the voting rights of another party, or an agreement to jointly manage a business regardless of whether or not such agreement relates to the exercise of voting rights in the board of directors' or shareholders' meeting of a business or relates to the giving of mutual consent to propose an important agenda to the board of directors or to the shareholders' meeting of a business, and regardless of whether or not such agreement is made in writing.
- (2) Having an agreement to restrict the right to sell securities in the case of a tender offer for securities of a business or having an agreement to maintain or to change the securities holding ratio in a business (standstill agreement) regardless of whether or not such agreement is made in writing.
- (3) Soliciting other persons by himself or through his assignee for the purpose of acquiring or disposing of securities of a business at the same time or almost at the same time.

SGX-ST Listing Rules and Singapore Securities Laws

"Parties acting in concert" comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

- (a) a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (b) a company with any of its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;

No. SET Regulations and Thai Securities Laws

- (4) Having the same source of funds or acting by any means to facilitate the obtaining of the source of funds to conduct the purchase of, or to perform any other acts for the acquisition of, the securities of a business either for his own account or for another person.
- (5) Acquiring or disposing of securities of a business by acting jointly with a person who used to show concerted behaviour in the acquisition or disposal of the securities of another business and the manner in which this acquisition or disposal of securities of the business takes place resembles the acquisition or disposal of securities previously made which showed such concerted behaviour.
- (6) Authorising another person habitually and continuously to exercise his voting rights in the shareholders' meetings of a business regardless of whether or not that person is a shareholder of the business, but excluding a proxy granted to an independent director, a custodian or a provider of a proxy voting service to attend the meeting and vote on his behalf.
- (7) Being a partner in a partnership or being a director or an employee of a company or any other legal entity and showing himself or behaving in a way which shows that he holds securities of a business on behalf of or jointly owns securities with that partnership, company or such legal entity.
- (8) Giving of securities of a business to other persons other than by way of gratuitous transfer in respect of an ordinary relationship between a parent and legal aged children.

SGX-ST Listing Rules and Singapore Securities Laws

- (f) directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual and his close relatives and related trusts, any person who is accustomed to act in accordance with his instructions, companies controlled by any of the foregoing and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

A mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror for voting rights of the offeree company during the offer period and within the six months prior to its commencement.

Under the Singapore Take-over Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer. No relevant information should be withheld from them.

No. SET Regulations and Thai Securities Laws

SGX-ST Listing Rules and Singapore Securities Laws

- (9) Having an agreement among any persons relating to a sale and purchase of securities of a business at a low price without any reasonable grounds for doing so, but excluding a sale and purchase of securities between a parent and legal aged children.
- (10) Persons within the same group in accordance with the Notifications issued by virtue of Sections 246 or 247 of the SEC Act.

Offering conditions (mandatory tender offer)

Under the Notification of the Capital Market Supervisory Board No. TorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, if any person (either on his own or acting in concert with others) acquires the shares of the company resulting in such person holding shares, as at the end of any day, reaching or exceeding any of the above trigger points and is required to make a mandatory tender offer, the mandatory tender offer must not contain any condition on the revocation of the tender offer, unless the conditions are pursuant to any of the following events (the “**Certain Events**”):

- (1) an occurrence of any event or action after the offer document has been submitted to the Office of the SEC but during the offer period which causes or may cause serious damage to the status or assets of the offeree business, and such events or actions do not result from the acts of the offeror, or any act for which the offeror is responsible; or
- (2) the taking of any action by the offeree business after the offer document has been submitted to the Office of the SEC but during the offer period which results in a significant decrease in the share value.

A revocation of the tender offer above may only be made if the offeror has clearly stated such events in the offer document and, upon an occurrence thereof, the offeror has notified the Office of the SEC such facts accordingly and the Office of the SEC does not make any objection thereto within three business days from the date on which the Office of the SEC has been notified.

Offering conditions (mandatory offer)

If a person is obliged to make a mandatory offer, such offer can only be made subject to one condition – the offeror having received acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and any person acting in concert with it holding more than 50.0% of the voting rights (the “**50.0% + 1 Condition**”). No other conditions are permitted. If the 50.0% + 1 Condition is satisfied, the offer is unconditional in all respects. If the 50.0% + 1 Condition not satisfied by the close of the offer, the offer lapses and all acceptances tendered in the offer must be returned.

No. SET Regulations and Thai Securities Laws

Squeeze out

The SEC Act does not contain any squeeze out provisions, i.e. provisions which provide for the right of a tender offeror to acquire shares from shareholders who do not accept the tender offer, notwithstanding the level of shareholding of the tender offer or after the tender offer period.

Similarly, there are no provisions which provide for the right of shareholders who do not accept the tender offer to subsequently require an offeror to acquire shares from them.

Partial tender offer

Under the Notification of the Capital Market Supervisory Board No. TorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, a partial tender offer is permitted if the approval of the SEC is obtained, provided that the following requirements are met:

- (1) the partial tender offer is approved by a meeting of shareholders of the company with a vote of not less than 50.0% of the total votes of the shareholders attending the meeting and having the right to vote; and
- (2) the partial tender offer must not result in the offeror becoming a shareholder with voting rights of 50.0% or more of the total voting rights of the company.

SGX-ST Listing Rules and Singapore Securities Laws

Squeeze out

Under Section 215 of the Singapore Companies Act, if an offer is accepted by shareholders holding 90.0% or more of the total number of shares in the company (other than shares already held at the date of the offer by the offeror, its related corporations and their respective nominees, and excluding any treasury shares), then the offeror is entitled to compulsorily acquire the remaining shares on the same terms (including price) or, if the offer contained two or more alternative sets of terms, upon the terms which were specified in the offer as being applicable to shareholders which did not accept the offer.

Additionally, if the offeror has acquired 90.0% or more of the shares of the company, the remaining shareholders have the right to require the offeror to acquire their shares.

Partial offer

The consent of the Securities Industry Council in Singapore is required for a partial offer.

The Securities Industry Council in Singapore will normally consent to partial offers which result in the offeror and its concert parties holding voting rights of less than 30.0% of the voting rights of the offeree company. The Securities Industry Council in Singapore will not provide its consent in situations where the partial offer which could result in the offeror and its concert parties holding 30.0% or more but less than 50.0% of the voting rights of the offeree company.

No. SET Regulations and Thai Securities Laws

On the basis that CDP merely acts as the clearing house for the shares traded on the SGX-ST and the Depository Agent as a holder of Securities Accounts maintained with CDP, when CDP or the Depository Agent acquires or holds the shares of the Company in aggregate of 25.0%, 50.0%, 75.0% or more of the total voting shares of the Company, it will not be required to make a tender offer for all of the shares and equity-linked securities of the Company pursuant to Section 247 of the SEC Act.

However, if an investor acquires or holds the shares of the Company and/or any beneficial interest in the shares of the Company through CDP or a Depository Agent, and if, as a result of such acquisition or holding, the investor would hold both the shares of the Company and the beneficial interest in the shares of the Company through CDP or the Depository Agent in an aggregate of 25.0%, 50.0%, 75.0% or more of the total voting shares of the company, the investor will be required to make a tender offer for all of the shares and equity-linked securities of the Company in accordance with the requirement of Section 247 of the SEC Act.

In determining when the tender offer requirement is triggered, the investor will be required to aggregate the shares of the Company held by the investor and any beneficial interest in the shares of the company with those of his/her "related persons" (as such term is defined in Section 258 of the SEC Act).

SGX-ST Listing Rules and Singapore Securities Laws

Where the partial offer could result in the offeror and its concert parties holding more than 50.0% of the voting rights of the company, the Securities Industry Council in Singapore will not normally consent unless certain conditions are met. Such conditions include that (a) the partial offer is not a mandatory offer; (b) the offeror provides several confirmations and undertakings; (c) the partial offer is conditional, not only on the specified number or percentage of acceptances being received, but also on approval by the offeree company's shareholders; (d) the partial offer is made to all shareholders of the class and arrangements are made for those shareholders who wish to accept in full for the relevant percentage of their holdings; (e) the precise number of shares, percentage or proportion offered is stated; and (f) the precise number of shares, percentage or proportion offered is stated, and the offer may not be declared unconditional as to acceptances unless acceptances are received for not less than that number, percentage or proportion.

No. SET Regulations and Thai Securities Laws

Voluntary tender offer

In accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, a revocation of the tender offer due to the Certain Events may only be made if the offeror has clearly stated such events in the offer document and, upon an occurrence thereof, the offeror has notified the Office of the SEC such facts accordingly and the Office of the SEC does not make any objection thereto within three business days from the date on which the Office of the SEC has been notified.

In addition to the revocation of tender offer due to the Certain Events, the voluntary tender offeror may also cancel his tender offer, if upon closing of the offer period specified in the offer document, the number of shares tendered is less than the number of shares specified as a condition for the offer, which can be any number. In this regard, the offeror shall clearly specify the conditions and the revocation of the voluntary tender offer in such events in the offer document.

SGX-ST Listing Rules and Singapore Securities Laws

Voluntary offer

While a voluntary offer must also be subject to a minimum shareholding condition, the minimum percentage can be set at higher than 50.0% + 1 (50.0% + 1 being the lowest permissible minimum percentage). A voluntary offer may be subject to other conditions. Normal conditions, such as approval of shareholders for the issue of new shares, may be attached without reference to the Securities Industry Council of Singapore. The Securities Industry Council of Singapore should be consulted where other conditions would be attached.

For the avoidance of doubt, as a foreign issuer with a secondary listing on the SGX-ST, the Singapore Companies Act and the Singapore Take-over Code will not apply to us. We will however be subject to the corresponding requirements under Thai law and the regulations of the SET.

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LIST OF PAST AND PRESENT DIRECTORSHIPS

The past and present principal directorships held by our Directors and Executive Officers in the last five years preceding the Latest Practicable Date (excluding those held in our Company) are as follows:

DIRECTORS

	Present Directorships	Past Directorships
Prof. Dr. Weerakorn Ongsakul	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Nil
	<i>Other Companies</i>	<i>Other Companies</i>
	Jitta Wealth Asset Management Co. Ltd.	Information Technology Group Co. Ltd.
	Mitr Samphan Narathiwat Co., Ltd. PEA ENCOM International Co., Ltd. Star Energy Services Co., Ltd. Salo Tech (Thailand) Co., Ltd.	
Mr. Kitichai Sincharoenkul	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Sri Trang Gloves (Thailand) Co., Ltd.
	<i>Other Companies</i>	<i>Other Companies</i>
	Semperflex Asia Corp., Ltd. Shi Dong Investments Pte Ltd. Sri Trang Agro-Industry Public Company Limited Sri Trang Ayeyar Rubber Industry Co., Ltd. Sri Trang Holdings Co., Ltd. Sri Trang IBC Co., Ltd. Sri Trang International Pte. Ltd.	Pattana Agro Futures Co., Ltd.
Dr. Viyavood Sincharoenkul	<i>Group Companies</i>	<i>Group Companies</i>
	Shidong Shanghai Medical Equipment Co., Ltd.	Sri Trang Gloves (Thailand) Co., Ltd.
	<i>Other Companies</i>	<i>Other Companies</i>
	Planet Earth Capital Pte. Ltd. Semperflex Asia Corp., Ltd. Shi Dong Investments Pte Ltd. Shi Dong Shanghai Rubber Co., Ltd. Sri Trang Agro-Industry Public Company Limited Sri Trang Holdings Co., Ltd. Sri Trang IBC Co., Ltd. Sri Trang International Pte. Ltd. Thai Tech Rubber Corporation Co., Ltd.	Pattana Agro Futures Co., Ltd. Sri Trang Ayeyar Rubber Industry Co., Ltd. Tai Yang Investments Pte. Ltd. T.R.I Global Co., Ltd.

	Present Directorships	Past Directorships
Ms. Jarinya Jirojkul	<i>Group Companies</i>	<i>Group Companies</i>
	Premier System Engineering Co., Ltd.	Thaikong Public Company Limited
	Sadao P.S. Rubber Co., Ltd.	
	<i>Other Companies</i>	<i>Other Companies</i>
	Nil	Nil
Ms. Thanawan Sa-ngiamsak	<i>Group Companies</i>	<i>Group Companies</i>
	Sadao P.S. Rubber Co., Ltd.	Sri Trang Gloves (Thailand) Co., Ltd.
	<i>Other Companies</i>	<i>Other Companies</i>
	Nil	Nil
Mr. Chia Chee Ping	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Sri Trang Gloves (Thailand) Co., Ltd.
	<i>Other Companies</i>	<i>Other Companies</i>
	Nil	Nil
Mr. Anan Pruksanusak	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Sri Trang Gloves (Thailand) Co., Ltd.
	<i>Other Companies</i>	<i>Other Companies</i>
	Pruksa Mansion Co., Ltd. Sup Pruksa Co., Ltd.	Nil
Mr. Vitanath Sincharoenkul	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Sri Trang Gloves (Thailand) Co., Ltd.
	<i>Other Companies</i>	<i>Other Companies</i>
	Nil	Nil
Mr. Veerasith Sinchareonkul	<i>Group Companies</i>	<i>Group Companies</i>
	Premier System Engineering Co., Ltd.	Sri Trang Gloves (Thailand) Co., Ltd.
	Sri Trang USA, Inc.	

	Present Directorships	Past Directorships
	<i>Other Companies</i>	<i>Other Companies</i>
	PT Sri Trang Lingga Indonesia Rubberland Products Co., Ltd.	Nil
	Semperflex Asia Corp., Ltd.	
	Sri Trang Agro-Industry Public Company Limited	
	Sri Trang Ayeyar Rubber Industry Co., Ltd.	
	Sri Trang IBC Co., Ltd.	
	Sri Trang Rubber & Plantation Co., Ltd.	
	Starlight Express Transport Co., Ltd.	
	Thai Tech Rubber Corporation Co., Ltd.	
Mrs. Unakorn Phruithithada	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Nil
	<i>Other Companies</i>	<i>Other Companies</i>
	Nil	Nil
Clinical Prof. Dr. Sarana Boonbaichaiyapruck	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Nil
	<i>Other Companies</i>	<i>Other Companies</i>
	Praram 9 Hospital Public Company Limited	Samart Aviation Solutions Public Company Limited
	Pruk Suk Sabai Co., Ltd.	
	Sarana Cardiology and Associates Co., Ltd.	
General Bundit Boonyapan	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Nil
	<i>Other Companies</i>	<i>Other Companies</i>
	Nil	Nil

EXECUTIVE OFFICERS

	Present Directorships	Past Directorships
Mr. Asom Aksornnam	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Sri Trang Gloves (Thailand) Co., Ltd.
	<i>Other Companies</i>	<i>Other Companies</i>
	Nil	Nil
Mr. Chalermchai Norsakul	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Nil
	<i>Other Companies</i>	<i>Other Companies</i>
	Nil	Nil
Mrs. Oralak Nakin	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Sri Trang Gloves (Thailand) Co., Ltd.
	<i>Other Companies</i>	<i>Other Companies</i>
	Nil	Nil
Mr. Somrat Thapnual	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Nil
	<i>Other Companies</i>	<i>Other Companies</i>
	Nil	Nil
Ms. Amornrat Awato	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Nil
	<i>Other Companies</i>	<i>Other Companies</i>
	Nil	Nil
Ms. Worasa Maijaidee	<i>Group Companies</i>	<i>Group Companies</i>
	Nil	Nil
	<i>Other Companies</i>	<i>Other Companies</i>
	Nil	Nil



SRI TRANG
GLOVES THAILAND

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SRI TRANG GLOVES (THAILAND) PUBLIC COMPANY LIMITED

No. 110, Kanjanavanit Road, Pahtong, Hat Yai, Songkhla 90230 Thailand

Tel: (66) 74-471-471 Fax: (66) 74-291-650 www.sritranggloves.com