



Sri Trang Agro-Industry Public Company Limited



Invitation to the Extraordinary General Meeting of Shareholders No. 1/2017

14th March 2017 at 10.00 a.m.

Grand Ballroom B 8th floor

Lee Gardens Plaza Hotel

29 Prachathipat Road, Hatyai District, Songkhla Province

24 February 2017

- Subject: Invitation to Extraordinary General Meeting of Shareholders No. 1/2017
- Attention: Shareholders of Sri Trang Agro-Industry Public Company Limited
- Enclosures:
1. Copy of the Minutes of the 2016 Annual General Meeting of Shareholders
 2. Information Memorandum on Acquisition and Disposal of Assets
 3. Report on the Opinions of the Independent Financial Advisor on the Asset Acquisition and Disposal Transactions
 4. Articles of Association (provisions relating to Shareholders Meetings)
 5. List of documents evidencing right to attend the meeting
 6. Proxy Form B (the shareholders are able to download Proxy Forms A and C from the Company's website at www.sritranggroup.com)
 7. Profiles of the Audit Committee Members in support of the appointment of proxies
 8. Procedures on attending Extraordinary General Meeting of Shareholders No. 1/2017
 9. Map of meeting venue

The Board of Directors Meeting of Sri Trang Agro-Industry Public Company Limited (the “Company”) resolved to convene Extraordinary General Meeting of Shareholders No. 1/2017 on Tuesday, 14 March 2017, at 1000 hrs., at Grand Ballroom B, 8th Floor, Lee Gardens Plaza Hotel, No. 29, Prachatipat Road, Hat Yai Subdistrict, Songkhla Province, to consider the following agenda items:

Agenda Item 1: To consider and endorse the Minutes of the 2016 Annual General Meeting of Shareholders convened on 28 April 2016

Facts and Rationale: The Company prepared the Minutes of the 2016 Annual General Meeting of Shareholders which was convened on 28 April 2016 with a sufficient number of shareholders in attendance at the meeting to constitute a quorum. In addition, the Company has filed the Minutes of such meeting with the Stock Exchange of Thailand within the period of 14 days from the date of the meeting and disclosed the Minutes on its website at www.sritranggroup.com.

Opinion of the Board: The Minutes of the 2016 Annual General Meeting of Shareholders which was convened on 28 April 2016 were accurately and completely recorded in accordance with the resolutions passed at the meeting, the details of which are set out in the copy of the Minutes of the 2016 Annual General Meeting of Shareholders (Enclosure 1). The Board of Directors, therefore, deems it appropriate to propose that the shareholders meeting endorse the Minutes.

Voting Requirements: *The resolution on this agenda item shall be passed by a majority vote of the shareholders attending the meeting and casting their votes.*

Agenda Item 2: **To consider and approve the demerger of the associated companies and the joint ventures companies comprising (a) the entering into the acquisition of the shares of Siam Sempermed Corporation Ltd. which constitutes an asset acquisition of the Company; (b) the disposal of the shares and investment in various associated companies, as well as the disposal of the shares in Semperflex Asia Corporation Ltd. under the Call Option Agreement which constitutes an asset disposal of the Company; and (c) the settlement of various disputes**

Facts and Rationale: On 18 January 2017, the Company and Semperit Technische Produkte Gesellschaft m.b.H. (“**Semperit**”) entered into agreements for the demerger of all associate and joint venture companies in Thailand, and other countries, in which the Company jointly invested with Semperit (the “**Demerger Agreement**”). The details of the demerger plan are described as follows:

(a) The acquisition of the shares of Siam Sempermed Corporation Ltd. (“SSC”), considered as an asset acquisition of the Company:

The Company agrees to acquire from Semperit 10,000 shares of SSC or equivalent to 50 percent of the total issued sold shares of SSC, a joint venture of the Company, equivalent to 50 percent of the total issued and sold shares of SSC, at the price of USD 180,100,000 (or approximately THB 6,573.7 million¹). When combined with the compensation to be paid by SSC to Semperit in exchange for the settlement of all disputes between Semperit and SSC in the amount of USD 15,000,000 (or approximately THB 547.5 million), the total transaction value is USD 195,100,000 (or approximately THB 7,121.2 million).

The transaction constitutes an asset transaction under the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisitions or Disposals of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004 (collectively, the “**Notifications on Acquisition or Disposal**”).

¹ The Company and Semperit agreed that the consideration to be paid in the transaction shall be denominated in USD. In this document, the Company has applied the exchange rate of THB 36.50 per USD 1 which is the rate referred to in the calculation of various taxes under the Umbrella Agreement relating to this acquisition and disposal transaction.

The transaction has a maximum value of 69.2 percent calculated on a net profit basis² from the reviewed consolidated financial statements of the Company for the period ending 30 September 2016 and the management accounts of SSC for the period ending 30 September 2016. The Board of Directors of the Company is of the view that the management accounts of SSC for the period ending 30 September 2016 were prepared in accordance with the relevant international accounting standards, are reliable and reflect the accounting value of SSC. The transaction is classified as a Type 1 transaction being a transaction with a value of 50 percent or more but less than 100 percent under the Notifications on Acquisition or Disposal. The Company, therefore, has the duty to convene a shareholders' meeting in order to seek approval on the entering into of the transaction, as well as to appoint an independent financial advisor to provide an opinion on the asset acquisition transaction. Accordingly, the Company appointed Capital Advantage Co., Ltd. as the independent financial advisor, to provide an opinion on the asset acquisition transaction as detailed in Enclosure 3.

(b) The disposal of the shares and investments in the associate companies, as well as the disposal of the shares in Semperfex Asia Corporation Ltd. ("SAC") under the Call Option Agreement, which constitutes an asset disposal of the Company:

The Company agrees to enter in the disposal of the shares and investments in the associate companies as follows:

- (1) The disposal of the investment in Semperfex Shanghai Ltd. ("SSH") of 50 percent of the total capital of SSH to Semperit (or a person designated by Semperit) at the price of USD 8 million (or approximately THB 292.0 million).

The transaction constitutes an asset disposal transaction which has a maximum value of 3.8 percent, calculated on a net profit basis from the reviewed consolidated financial statements of the Company for the period ending 30 September 2016 and the management accounts of SSH for the period ending 30 September 2016. The Board of Directors of the Company is of the view that the management accounts of SSH for the period ending 30 September 2016 were prepared in accordance with the relevant international accounting standards, are reliable and reflect the accounting value of SSH.

² The calculation of the transaction value on a net profit basis is based on the net operating profit after tax for the last 12 months, being the sum of the net profit for the nine-month period ending 30 September 2016 and the net profit of the fourth quarter ending 31 December 2015 of the Company and every company involved in the asset acquisition transaction and the asset disposal transaction.

- (2) The disposal of the investment in Shanghai Semperit Rubber & Plastic Products Co., Ltd. (“**SRP**”) of 10 percent of the total capital of SRP to Semperit (or a person designated by Semperit) at the price of USD 4.0 million (or approximately THB 146.0 million).

The transaction constitutes an asset disposal transaction which has a maximum value of 3.4 percent, calculated on a net profit basis from the reviewed consolidated financial statements of the Company for the period ending 30 September 2016 and the management accounts of SRP for the period ending 30 September 2016. The Board of Directors of the Company is of the view that the management accounts of SRP for the period ending 30 September 2016 were prepared in accordance with the relevant international accounting standards, are reliable and reflect the accounting value of SRP.

- (3) The disposal of 1,000 shares of Sempermed USA, Inc. (“**SUSA**”) or equivalent to 25.0 percent of the total issued and sold shares of SUSA, which are directly held by the Company, to Semperit (or a person designated by Semperit) at the price of USD 6.5 million (or approximately THB 237.3 million) and the disposal of 2,000 shares or equivalent to 50.0 percent of the total issued and sold shares of SUSA, which are indirectly held by the Company through SSC, at the price of USD 13.0 million (or approximately THB 474.5 million).

The transaction constitutes an asset disposal transaction which has a maximum value of 7.0 percent, calculated on a net profit basis from the reviewed consolidated financial statements of the Company for the period ending 30 September 2016 and the management accounts of SUSA for the period ending 30 September 2016. The Board of Directors of the Company is of the view that the management accounts of SUSA for the period ending 30 September 2016 were prepared in accordance with the relevant international accounting standards, are reliable and reflect the accounting value of SUSA.

- (4) The disposal of 4,000,000 shares of Sempermed Singapore Pte Ltd. (“**SESI**”) or equivalent to 50 percent of the total issued and sold shares of SESI to Semperit (or a person designated by Semperit), at the price of USD 1 million (or equivalent to approximately THB 36.5 million).

The transaction constitutes an asset disposal transaction which has a maximum value of 0.1 percent, calculated on a

net tangible asset (NTA) basis from the reviewed consolidated financial statements of the Company for the period ending 30 September 2016 and the management accounts of SESI for the period ending 30 September 2016. The Board of Directors of the Company is of the view that the management accounts of SESI for the period ending 30 September 2016 were prepared in accordance with the relevant international accounting standards, are reliable and reflect the accounting value of SESI.

- (5) The disposal of the investment in Shanghai Sempermed Glove Sales Co., Ltd. (“SSF”), held indirectly through SSC (equivalent to 100.0% of the total capital of SSF) to Semperit (or a person designated by Semperit) at the price of USD 3.2 million (or approximately THB 116.8 million).

The transaction constitutes an asset disposal transaction which has a maximum value of 0.5 percent, calculated on a net profit basis from the reviewed consolidated financial statements of the Company for the period ending 30 September 2016 and the management accounts of SSF for the period ending 30 September 2016. The Board of Directors of the Company is of the view that the management accounts of SSF for the period ending 30 September 2016 were prepared in accordance with the relevant international accounting standards, are reliable and reflect the accounting value of SSF.

- (6) The disposal of 1,615,000 shares of SAC which are held by the Company and its subsidiary (Rubberland Products Co., Ltd.) or equivalent to 42.5 percent of the total issued and sold shares of SAC to Semperit (or a person designated by Semperit) under the Call Option Agreement. The Company and Rubberland (as well as the other shareholders of SAC, with the exception of Semperit) will enter into the Call Option Agreement with Semperit and grant Semperit (or a person designated by Semperit) a Call Option to buy all of the SAC shares held by the Company and Rubberland (as well as all the SAC shares of the other shareholders of SAC, with the exception of Semperit). Semperit will be able to exercise the Call Option to buy a total of 1,900,000 shares of SAC or equivalent to 50 percent of the total issued and sold shares of SAC during the period between 30 June 2019 to 30 June 2021 (the “**Option Period**”) at the total exercise price of USD 60,000,000 (or approximately THB 2,190.0 million). Nevertheless, The Company and Rubberland hold a total of 1,615,000 shares in SAC or equivalent to 42.5 percent of the total issued and sold shares of SAC. The consideration from the disposal of SAC shares that the Company and

Rubberland will receive if Semperit completely exercise the right under the Call Option Agreement and the purchase of SAC shares under the Call Option Agreement will amount to USD 51,000,000 (or equivalent to a total of approximately THB 1,861.5 million).

The transaction constitutes an asset disposal transaction which has a maximum value of 31.7 percent, calculated on a net profit basis from the reviewed consolidated financial statements of the Company for the period ending 30 September 2016 and the management accounts of SAC for the period ending 30 September 2016. The Board of Directors of the Company is of the view that the management accounts of SAC for the period ending 30 September 2016 were prepared in accordance with the relevant international accounting standards, are reliable and reflect the accounting value of SAC.

The aggregate maximum value of the asset disposal transactions above is equivalent to 46.5 percent, calculated on a net profit basis from the reviewed consolidated financial statements of the Company for the period ending 30 September 2016 and the management accounts of the relevant companies for the period ending 30 September 2016. The Board of Directors of the Company is of the view that the management accounts of the relevant companies for the period ending 30 September 2016 were prepared in accordance with the relevant international accounting standards, are reliable and reflect the accounting value of such relevant companies. The asset disposal transactions are classified as a Type 2 transaction being a transaction with a value of 15 percent or more but less than 50. Therefore, the transaction is not considered an asset disposal for which the Company must seek approval from a shareholders' meeting. However, in order for the shareholders to take part in the decision on entering into the asset disposal transactions, the Company plans to propose that the shareholders meeting consider and approve the entering into of such transaction, together with the approval from the asset acquisition transaction, namely the acquisition of the shares of SSC in (a) above. Accordingly, the Company appointed Capital Advantage Co., Ltd. as the independent financial advisor to provide an opinion on the asset acquisition transaction as detailed in Enclosure 3.

(c) Settlement of Disputes

Under the Demerger Agreement, the Company and Semperit agree to settle all disputes arising between them, regardless of whether the disputes are pending the trial proceedings in the Thai courts or foreign courts and/or foreign arbitration proceedings.

Opinion of the Board: The Board of Directors is of the view that the acquisition of the shares of SSC from Semperit will benefit the Company. In addition, the price of the aforementioned SSC shares is reasonable, taking into consideration the book values and the appraised values given by the financial advisor of the Company. In addition, the agreement for the payment of compensation of USD 15 million (or approximately THB 547.5 million) to Semperit for the settlement of various proceedings and disputes between SSC and Semperit is reasonable, as there is no inclination that the disputes can be settled promptly, which will raise concerns of trade partners of the Company and SSC. If the disputes cannot be settled promptly, this may affect the future business operations and operating results of SSC, an important business of the Company. In order to minimize risk and uncertainties, the Board of Directors approves of the agreement for the payment of compensation of USD 15 million to Semperit for the settlement of various proceedings and disputes between SSC and Semperit.

Furthermore, the Board of Directors is of the view that entering into of the asset disposal transactions through the disposal of shares and investments in various associate companies to Semperit will benefit the Company. The prices of the share and investments in the various joint ventures are reasonable, taking into consideration the book values and the appraised values given by the financial advisor of the Company. The associate companies, of which the Company is disposing of, are small in business and profit size when compared to SSC. The aforementioned companies operate businesses manufacturing industrial products such as high pressure hydraulic hoses and escalator handrails, none of which are related to the use of natural rubber as a raw material. Some companies operate businesses distributing gloves overseas – however, after the acquisition and disposal of assets, the Company and/or SSC will be able to distribute gloves independently. Furthermore, the Company has not previously been involved in the day-to-day operation of the aforementioned companies.

The Board of Directors would like to make a remark that if the asset acquisition transaction and the asset disposal transactions are concluded, the disputes between the Company and Semperit will be settled and the Company and SSC will no longer be subject to any restrictions and obligations with Semperit. To this end, the executives of the Company will be able to dedicate more time to the development and management of the businesses of the Company and its group, and the expenses incurred in defending the cases will be reduced.

In this regard, the Board of Directors has appointed Capital Advantage Co., Ltd. as an independent financial advisor to provide an opinion on the proposed transaction, including the reasonableness of the price of the shares and the agreement to pay compensation of USD 15 million.

In furtherance of the above, the Board of Directors deems it reasonable to approve the asset acquisition and asset disposal transactions of the Company as detailed in the Information Memorandum on Acquisition and Disposal of

Assets and the Opinion of the Independent Financial Advisor on the Asset Acquisition and Disposal Transactions, as detailed in Enclosure 2 and Enclosure 3, respectively.

In addition, the Board of Directors deems it appropriate to authorize Dr. Viyavood Sincharoenkul, Managing Director, or Mr. Kitichai Sincharoenkul or the persons delegated by Dr. Viyavood Sincharoenkul or Mr. Kitichai Sincharoenkul, to sign contracts, documents or other agreements relating to or in connection with the Demerger Agreement and to undertake any necessary acts relating to or in connection with, on behalf of the Company until the sale and purchase of the shares and investments are concluded.

Voting Requirements: The resolution on this agenda item shall be passed by votes of no less than three-quarters of the total votes cast by the shareholders attending the Meeting and eligible to vote, without counting the votes cast by the interested shareholders. In conducting this agenda item, there are no shareholders who have interests in this matter.

Agenda Item 3: Other matters (if any)

The shareholders are cordially invited to attend the meeting on the date, at the time and place stated on the first page of this notice, and are requested to prepare the documentary evidence required to be presented at the meeting. The details of the list of documents are set out in Enclosure 5.

In order to facilitate the speed of the registration for the shareholders meeting, the shareholders and/or proxies are requested to bring the Registration Form on which a barcode has been printed, and present their identification evidence to the staff at the registration table on the date of the meeting.

In addition, in order to protect the rights and interests of a shareholder in the event that the shareholder is unable to attend the meeting in person and wishes to appoint any of the Audit Committee Members of the Company, namely, Mr. Prakob Visitkitjakarn, Mr. Kriang Yanyongdilok and Mr. Samacha Potavorn (the information of the relevant members of the Audit Committee supporting their nomination as proxies is contained in enclosure no. 7 of this invitation to attend an Extraordinary General Meeting of Shareholders No. 1/2017) to cast votes on his/her behalf, he/she may appoint one of the Audit Committee Members of the Company as his/her proxy. In such case, the shareholder is requested to deliver the Proxy Form and supporting documents to the Corporate Secretary Office of the Company, at Park Ventures Ecoplex, Room Nos. 1701, 1707-1702, 17th Floor, No. 57, Wireless Road, Lumpini Subdistrict, Pathum Wan District, Bangkok 10330. In this regard, to expedite the document verification process, the shareholders are requested to deliver all required documents to the Company before 10 March 2017.

Furthermore, due to the large number of documents in the granting of proxies for the representatives of financial institutions, mutual funds, or custodians of investors to exercise the rights on behalf of the grantors on the date of the meeting, the Company would like to request the shareholders to deliver the Proxy Forms and supporting documents to the Corporate Secretary Office of the Company at the abovementioned address in advance before 10 March 2017. Your kind cooperation would be greatly appreciated.

In this regard, the securities depositors and depositories with the Company's shares deposited in the securities account opened with the Central Depository (Pte.) Ltd. ("CDP") are not considered as the shareholders of the Company under Thai law, and are not entitled to attend the meeting and cast votes, or to appoint a proxy. CDP will deliver the Voting Instruction Form specifying the agenda items to be discussed at the meeting to the securities depositors and depositories, provided that, the securities depositors and depositories are able to instruct CDP to exercise their rights and cast votes in accordance with the number of shares deposited in their account by filling out the Voting Instruction Form and delivering the form to CDP by 1700 hrs. (GMT+8 (Singapore time)) on 7 March 2017.

Sincerely yours,



(Mr. Kitichai Sincharoenkul)

Director



(Mr. Veerasith Sinchareonkul)

Director

Remark: The shareholders are able to download the Notice calling for Extraordinary General Meeting of Shareholders No. 1/2017 and the list of supporting documents at the Company's website at www.sritranggroup.com under Investor Relations from 24 February 2017.

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