

**Opinion of the Independent Financial Advisor
Concerning the Asset Acquisition and
Connected Transactions**

(Supporting Document for Agenda 1-4 of
the Extraordinary General Meeting of Shareholders No. 1/2020)

of



**Sri Trang Gloves (Thailand) Public Company
Limited**

The Independent Financial Advisor

CapAd
Capital Advantage

Capital Advantage Company Limited

November 28, 2020

- TRANSLATION -

The English Translation of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of Sri Trang Gloves (Thailand) Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

No. 100/2020

November 28, 2020

Subject: Opinion of the Independent Financial Advisor concerning the Asset Acquisition and Connected Transactions of Sri Trang Gloves (Thailand) Public Company Limited

Attention: Shareholders
Sri Trang Gloves (Thailand) Public Company Limited

Attachments: 1) Business overview and operating performance of Premier System Engineering Company Limited
2) Business overview and operating performance of Sadao P.S. Rubber Company Limited
3) Summary of agreements concerning the Asset Acquisition and Connected Transactions

Business overview and operating performance of Sri Trang Gloves (Thailand) Public Company Limited is shown in Clause 5 of Information Memorandum on the Connected Transaction under Schedule 2 (Enclosure No. 1) of the Company, which are enclosed with the notice of this shareholder's meeting.

References: 1) Resolutions of the Board of Directors' meeting No. 6/2020 of Sri Trang Gloves (Thailand) Public Company Limited held on November 13, 2020
2) Information Memorandum on the Asset Acquisition and Connected Transactions of Sri Trang Gloves (Thailand) Public Company Limited dated November 13, 2020
3) Information Memorandum on the Asset Disposition and Connected Transactions of Sri Trang Agro-Industry Public Company Limited dated November 13, 2020
4) Securities Offering Statement Form and Prospectus for Initial Public Offering of Sri Trang Gloves (Thailand) Public Company Limited
5) Audited financial statements of Sri Trang Gloves (Thailand) Public Company Limited for the 12-month period ended December 31, 2017 - 2019 and reviewed financial statements for the 9-month period ended September 30, 2020
6) Annual Registration Statement (Form 56-1) of Sri Trang Agro-Industry Public Company Limited for the year ended December 31, 2017 - 2019
7) Audited financial statements of Sri Trang Agro-Industry Public Company Limited for the 12-month period ended December 31, 2017 - 2019 and reviewed financial statements for the 9-month period ended September 30, 2020
8) Property appraisal report of Premier System Engineering Company Limited prepared by First Star Consultant Company Limited No. 63-FSCR-GR-209 dated October 29, 2020, No. 63-FSCR-GR-210 dated October 29, 2020, and No. 63-FSCM-GR-211 dated October 12, 2020 for public purposes
9) Audited financial statements of Premier System Engineering Company Limited for the 12-month period ended December 31, 2017 - 2019 and unaudited financial statements for the 9-month period ended September 30, 2020
10) Property appraisal report of Sadao P.S. Rubber Company Limited prepared by First Star Consultant Company Limited No. 63-FSCR-GR-145 dated October 29, 2020 for public purposes
11) Audited financial statements of Sadao P.S. Rubber Company Limited for the 12-month period ended December 31, 2017 - 2019 and unaudited financial statements for the 9-month period ended September 30, 2020

- 12) Property appraisal report of Anvar Parawood Company Limited prepared by First Star Consultant Company Limited No. 63-FSCR-GR-157.1 dated October 29, 2020 for public purposes
- 13) Audited financial statements of Anvar Parawood Company Limited for the 12-month period ended December 31, 2017 - 2019 and unaudited financial statements for the 9-month period ended September 30, 2020
- 14) Property appraisal report of Sri Trang Agro-Industry Public Company Limited prepared by First Star Consultant Company Limited No. 63-FSCR-GR-216 dated October 29, 2020 for public purposes
- 15) Financial, legal, and tax due diligence reports of Premier System Engineering Company Limited prepared by the Financial Advisor and the Company's legal team and accounting and tax team
- 16) Legal and tax due diligence reports of Sadao P.S. Rubber Company Limited prepared by the Company's legal team and accounting and tax team
- 17) Draft of share sale and purchase agreements of Premier System Engineering Company Limited and Sadao P.S. Rubber Company Limited
- 18) Draft of to sale and to purchase agreements on land of Anvar Parawood Company Limited and on land of Sri Trang Agro-Industry Public Company Limited
- 19) Certificate of Corporation, Memorandum of Association, and other information and documents, as well as interviews with the management and relevant staff of Sri Trang Gloves (Thailand) Public Company Limited, Sri Trang Agro-Industry Public Company Limited, Premier System Engineering Company Limited, Sadao P.S. Rubber Company Limited, and Anvar Parawood Company Limited

- Disclaimers:
- 1) Results of the study conducted by Capital Advantage Co., Ltd. (the "Financial advisor" or "CapAd") in this report are based on information and assumptions provided by the management of Sri Trang Gloves (Thailand) Public Company Limited, Sri Trang Agro-Industry Public Company Limited, Premier System Engineering Company Limited, Sadao P.S. Rubber Company Limited, and Anvar Parawood Company Limited, as well as information disclosed to the public on the websites of the Securities and Exchange Commission (www.sec.or.th) and the Stock Exchange of Thailand (www.set.or.th).
 - 2) The Independent Financial Advisor shall not be responsible for profits or losses and any impacts resulting from the transactions.
 - 3) The Independent Financial Advisor conducted the study with knowledge, skills, and cautiousness in accordance with the professional ethics.
 - 4) The Independent Financial Advisor considers and provides its opinions based on the situation and information at the present time. If such situation and information has changed significantly, the study results in this report may be affected.

The Board of Directors' meeting No. 6/2020 of Sri Trang Gloves (Thailand) PCL. ("the Company" or "STGT"), held on November 13, 2020, resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2020 of the Company ("EGM No. 1/2020"), to be convened on December 25, 2020, to consider and approve significant agenda concerning the asset acquisition and connected transactions to be entered into with Sri Trang Agro-Industry PCL. ("STA"), which is the major shareholder of the Company, and STA's subsidiaries as follows (*referring to agenda of the EGM No. 1/2020*):

Agenda 1 To consider and approve an investment in Premier System Engineering Co., Ltd. ("PSE") by purchasing 499,996 ordinary shares of PSE¹ with par value of Baht 100 per share, representing 99.9992% of total issued and paid-up shares of PSE, at a total sale and purchase price of Baht 1,120.00 million, divided into (1) an amount of 419,996 shares or 83.9992% to be purchased from Sri Trang Agro-Industry Plc. ("STA"), a major shareholder of the Company, and (2) an amount of 80,000 shares or 16.00% to be purchased from

¹ As of October 22, 2020, PSE had registered capital of Baht 50,000,000, divided into 500,000 ordinary shares at par value of Baht 100 per share.

- Rubberland Products Co., Ltd. ("RBL"), a subsidiary of STA,² with the objective to acquire the core business of PSE ("Acquisition of PSE Shares" or "Transaction 1");
- Agenda 2 To consider and approve an investment in Sadao P.S. Rubber Co., Ltd. ("PS") by purchasing 399,994 ordinary shares of PS³ with par value of Baht 100 per share, representing 99.9985% of total issued and paid-up shares of PS, at a total sale and purchase price of Baht 147.00 million, from Sri Trang Agro-Industry PCL. ("STA") with the objective to acquire land and land improvement for construction of a new latex glove production facility of the Company ("Acquisition of PS Shares" or "Transaction 2");
- Agenda 3 To consider and approve an acquisition of 3 adjacent plots of land with constructions with a total area of 34-1-0.70 rai, located in Samnak Kham Sub-district, Sadao District, Songkhla Province, at a total sale and purchase price of Baht 69.21 million from Anvar Parawood Co., Ltd. ("ANV"), a subsidiary of STA⁴, with the objective to acquire land with construction for use as part of a new latex glove production facility of the Company ("Acquisition of Land and Constructions from ANV" or "Transaction 3"); and
- Agenda 4 To consider and approve an acquisition of 12 adjacent plots of land (plots being divided by public streams and a public way) with a total area of 334-0-6.2 rai together with constructions, located in Khao Chairat Sub-district, Pathio District, Chumphon Province, at a total sale and purchase price of Baht 177.47 million, from Sri Trang Agro-Industry PCL. (STA) with the objective to acquire land for construction of a new latex glove production facility of the Company ("Acquisition of Land and Constructions from STA" or "Transaction 4").

Transactions 1 and 2 above are deemed as a purchase or an acceptance of transfer of the business of a private company to the Company under Section 107 (2) (b) of the Public Limited Companies Act B.E. 2535 and the amendments, which requires the Company to propose the shareholders' meeting for an approval by no less than three-fourths of total number of votes from shareholders who attend the meeting and are eligible to vote. Transaction 1 and Transaction 2 are also classified as the acquisition of assets pursuant to 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, 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 B.E. 2547 (2004) (including any amendment thereto) (collectively referred to as the "Notifications on Acquisition or Disposition of Assets"). The highest transaction size is equal to 3.86% according to the total value of consideration criteria⁵ based on the audited consolidated financial statements of the Company as of September 30, 2020. When combined with the asset acquisition transactions of the Company from the effective date of the registration statement for the offering of securities and the prospectus for the initial public offering of newly-issued ordinary shares ("IPO Prospectus of the Company") of the Company until the date prior to the date on which the Board of Directors of the Company approved to propose the shareholders' meeting to consider the transactions at this time, the highest transaction size is equal to 4.35%. Therefore, the transactions are classified as Type 3 Transaction under the Notifications on Acquisition or Disposition of Assets, which is defined as a transaction with size less than 15%. As such, the Company is not required to seek for approval from the Company's shareholders' meeting for the entering into the transactions. However, the Company deems it appropriate to propose Transaction 1 and Transaction 2 for shareholders' consideration and approval, therefore it has disclosed information of such transactions in accordance with the Notifications on Acquisition or Disposition of Assets and had them delivered to shareholders together with notice of this shareholders' meeting.

Transaction 3 and Transaction 4 are not deemed as asset acquisition transactions as the investment plan for capacity expansion in 2020 – 2026 for 5 projects with total investment value of Baht 19,846 million, including the capacity expansion projects at Sadao and Chumphon branches, was approved by the Board of Directors' meeting No. 3/2020 of the Company on May 7, 2020, which took

² As of April 29, 2020, STA held 99.99996% of total issued and paid-up shares of RBL.

³ As of September 23, 2020, PS had registered capital of Baht 40,000,000, divided into 400,000 ordinary shares at par value of Baht 100 per share.

⁴ As of September 23, 2020, STA held 99.94% of total issued and paid-up shares of ANV.

⁵ Details of the calculation of transaction size is described in Part 1, Clause 1, Transaction 1 – 4 under Sub-clause (6) of this report.

place before the effective date of the registration statement for securities offering and the IPO Prospectus of the Company and was already disclosed in the said prospectus. Hence, the Company is not obligated to comply with the requirement under the Notifications on Acquisition or Disposition of Assets. However, since such Board of Directors' meeting No. 3/2020 has not set out details of the land sellers, the acquisition of land and constructions by the Company from ANV and STA, which are its connected persons, is accordingly regarded as a connected transaction.

The entering into 4 transactions is deemed as connected transactions under 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 Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) (collectively referred to as the "Notifications on Connected Transactions") as it is the entering into the transaction with STA as major shareholders of the Company, having direct and indirect shareholding of 56.18% of total issued and paid-up shares of the Company⁶ And have mutual directors with the Company. Total size of connected transactions is 6.17% of net tangible assets of the Company and subsidiaries as of September 30, 2020, and when combined with the Company's connected transactions with STA over the period from the effective date of the registration statement and the IPO Prospectus of the Company to the date prior to the date on which the Board of Directors passed a resolution approving the company to propose the shareholders' meeting to consider and approve these transactions, the total transaction size is 9.15%, which is higher than 3% of net tangible assets of the Company and subsidiaries.

Therefore, the company is required to disclose information on the entering into the asset acquisition and connected transactions to the Stock Exchange of Thailand and appoint an independent financial advisor to render an opinion to the shareholders of the Company. It also has to seek approval from shareholders' meeting with affirmative votes of at least three-fourths of the total votes of the shareholders who attend the meeting and are eligible to vote, excluding shareholders with conflict of interest.

The Company has appointed Capital Advantage Co., Ltd. as the independent financial advisor (the "Independent Financial Advisor" or "CapAd" or the "IFA") to render an opinion to shareholders concerning the reasonableness and appropriateness of price and conditions of the asset acquisition and connected transactions.

CapAd has studied details of the Information Memorandum on Asset Acquisition and Connected Transactions of the Company, Securities Offerings Statement Form, and Prospectus on the initial public offering (the "IPO") and information from interviews with management and executives of the Company as well as documents received from the Company such as financial statements, business plan, financial projection, feasibility study of the projects, property appraisal reports, agreements and relevant documents, draft sale and purchase agreement of shares of Premier System Engineering Company Limited, draft sale and purchase agreement of shares of Sadao P.S. Rubber Company Limited, draft sale and purchase agreement of land of Anvar Parawood Company Limited, and draft sale and purchase agreement of land of Sri Trang Agro-Industry Public Company Limited, and information disclosed to the public, information disclosed on websites of the Stock Exchange of Thailand ("SET") and the Office of the Securities and Exchange Commission ("SEC"), and financial information available from various websites as a basis for rendering our opinion on such transactions.

The opinion of CapAd in this report is based on the assumption that all information and documents received from management of the Company are accurate and complete. CapAd is unable to assure or guarantee any accuracy or completeness of such information. In deriving its opinion, CapAd takes into account current operating environment and most up-to-date information at the time of issuance of this report. Any change or future incident may have a material impact on business operation and financial projection of the projects and assessment and analysis of CapAd, as well as decision of shareholders on the asset acquisition and the connected transactions.

In providing the opinion to shareholders, CapAd studies and analyzes information stated above taking into account the reasonableness of the asset acquisition and connected transactions together

⁶ Based on closing of share register (XO) of the Company as of August 31, 2020 from Thailand Securities Depository (Thailand) Co., Ltd.

with all relevant factors. CapAd has considered such information thoroughly and reasonably, according to the professional standards, and in the best interests of the shareholders.

The attachments to this report are deemed as part of this opinion report and are information that shareholders should consider in conjunction with this report.

After considering and studying all the information on the asset acquisition and connected transactions, CapAd would like to summarize the study results as follows.

Abbreviation

"The Company" or "STGT"	Sri Trang Gloves (Thailand) PCL.
"STA"	Sri Trang Agro-Industry PCL.
"RBL"	Rubberland Products Co., Ltd., a subsidiary of the Company
"STA Group"	STA and its subsidiaries and associated companies
"Sadao Branch Capacity Expansion Project"	A project to construct a new latex glove production facility of the Company in Sadao District, Songkhla Province, with an installed capacity of approximately 10,161 million pieces per year (consisting of Latex Glove Factory Sadao 1 Branch (Transaction 2) and Latex Glove Factory Sadao 2 Branch)
"NBR"	Nitrile Butadiene Rubber Glove
"NR"	Natural Rubber Glove
"NRPF"	Natural Rubber Powder Free Glove
<u>Transaction 1:</u>	
"Transaction 1" or "Acquisition of PSE Shares"	Purchase of ordinary shares of Premier System Engineering Co., Ltd. (PSE) in order to acquire core business of PSE
"PSE"	Premier System Engineering Co., Ltd., a subsidiary of STA, being the asset to be acquired under Transaction 1
<u>Transaction 2:</u>	
"Transaction 2" or "Acquisition of PS Shares"	Purchase of ordinary shares of Sadao P.S. Rubber Co., Ltd. (PS) in order to acquire land for construction of a new latex glove production facility of the Company in Sadao District, Songkhla Province (Latex Glove Factory Sadao 1 Branch)
"PS"	Sadao P.S. Rubber Co., Ltd., being the asset to be acquired under Transaction 2
"Latex Glove Factory Sadao 1 Branch" or "Sadao 1 Branch Factory" or "Sadao 1 Branch Project"	A project to construct a new latex glove production facility of the Company in Sadao District, Songkhla Province, with an installed capacity of approximately 2,903 million pieces per year, which is part of the Sadao Branch Capacity Expansion Project
<u>Transaction 3:</u>	
"Transaction 3" or "Acquisition of Land and Constructions from ANV"	Purchase of land and constructions of Anvar Parawood Co., Ltd. (ANV) for use as supporting facilities for the Sadao Branch Capacity Expansion Project in Songkhla Province (support Latex Glove Factory Sadao 1 Branch and Latex Glove Factory Sadao 2 Branch)
"ANV"	Anvar Parawood Co., Ltd., a subsidiary of STA
"Latex Glove Factory Sadao 2 Branch" or "Sadao 2 Branch Factory"	A project to construct a new latex glove production facility of the Company in Sadao District, Songkhla Province, with an installed capacity of approximately 7,258 million pieces per year, which is part of the Sadao Branch Capacity Expansion Project (No agenda proposed for approval in this shareholders' meeting for Sadao 2 Branch Factory)
<u>Transaction 4:</u>	
"Transaction 4" or "Acquisition of Land and Constructions from STA"	Purchase of land and constructions of Sri Trang Agro-Industry PCL. for construction of a new latex glove production facility of the Company in Pathio District, Chumphon Province
"Chumphon Branch Capacity Expansion Project" or "Chumphon Branch Factory" or "Chumphon Branch Project"	A project to construct a new latex glove production facility of the Company in Pathio District, Chumphon Province, with an installed capacity of approximately 10,161 million pieces per year which is a part of Sadao Branch Capacity Expansion Project
<u>Others:</u>	
"Independent Financial Advisor" or "CapAd"	Capital Advantage Co., Ltd.
"SEC"	The Securities and Exchange Commission
"SET"	The Stock Exchange of Thailand
"Notifications on Acquisition or Disposition of Assets"	The Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal 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

"Notifications on Connected Transaction"	Concerning the Acquisition and Disposition of Assets B.E. 2547 (and the amendments) The Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Guidelines on Connected Transaction and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transaction B.E. 2546 (and the amendments)
"Independent Property Appraiser"	First Star Consultant Co., Ltd.
"IPO Prospectus of the Company"	A prospectus for the initial public offering of newly issued ordinary shares of the Company
"EGM No. 1/2020"	Extraordinary General Meeting of Shareholders No. 1/2020 of the Company
"IPO"	Initial public offering of newly issued ordinary shares
"IRR"	Internal Rate of Return
"NPV"	Net Present Value
"NTA"	Net Tangible Assets
"Payback Period"	A period to recoup all the investment made
"WACC"	Weighted Average Cost of Capital

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Executive Summary

The Board of Directors' meeting No. 6/2020 of Sri Trang Gloves (Thailand) PCL. ("the Company" or "STGT"), held on November 13, 2020, resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2020 of the Company ("EGM No. 1/2020"), to be convened on December 25, 2020, to consider and approve significant agenda concerning the asset acquisition and connected transactions to be entered into with Sri Trang Agro-Industry PCL. ("STA"), which is the major shareholder of the Company, and STA's subsidiaries as follows (*referring to the agenda of the EGM No. 1/2020*):

- Agenda 1 To consider and approve an investment in Premier System Engineering Co., Ltd. ("PSE") by purchasing 499,996 ordinary shares of PSE with par value of Baht 100 per share, representing 99.9992% of total issued and paid-up shares of PSE, at a total sale and purchase price of Baht 1,120.00 million, divided into (1) an amount of 419,996 shares or 83.9992% to be purchased from Sri Trang Agro-Industry PCL. (STA), which is a major shareholder of the Company, and (2) an amount of 80,000 shares or 16.00% to be purchased from Rubberland Products Co., Ltd. ("RBL"), a subsidiary of STA, with the objective to acquire the core business of PSE ("Acquisition of PSE Shares" or "Transaction 1");
- Agenda 2 To consider and approve an investment in Sadao P.S. Rubber Co., Ltd. ("PS") by purchasing 399,994 ordinary shares of PS with par value of Baht 100 per share, representing 99.9985% of total issued and paid-up shares of PS, at a total sale and purchase price of Baht 147.00 million, from Sri Trang Agro-Industry PCL. (STA) with the objective to acquire land and land improvement for construction of a new latex glove production facility of the Company ("Acquisition of PS Shares" or "Transaction 2");
- Agenda 3 To consider and approve an acquisition of 3 adjacent plots of land with constructions with a total area of 34-1-0.70 rai together, located in Samnak Kham Sub-district, Sadao District, Songkhla Province, at a total sale and purchase price of Baht 69.21 million, from Anvar Parawood Co., Ltd. ("ANV"), a subsidiary of STA, with the objective to acquire land with constructions for use as part of a new latex glove production facility of the Company ("Acquisition of Land and Constructions from ANV" or "Transaction 3"); and
- Agenda 4 To consider and approve an acquisition of 12 adjacent plots of land with constructions (plots being divided by public streams and a public way) with a total area of 334-0-6.2 rai, located in Khao Chairat Sub-district, Pathio District, Chumphon Province, at a total sale and purchase price of Baht 177.47 million, from Sri Trang Agro-Industry PCL. (STA) with the objective to acquire land for construction of a new latex glove production facility of the Company ("Acquisition of Land and Constructions from STA" or "Transaction 4").

Transactions 1 and 2 above is deemed as a purchase or an acceptance of transfer of the business of a private company to the Company under Section 107 (2) (b) of the Public Limited Companies Act B.E. 2535 and the amendments, which requires the Company to propose the shareholders' meeting for an approval by no less than three-fourths of total number of votes from shareholders who attend the meeting and are eligible to vote. Transaction 1 and Transaction 2 are also classified as the acquisition of assets pursuant to 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 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 B.E. 2547 (2004) (including any amendment thereto) (collectively referred to as the "Notifications on Acquisition or Disposition of Assets"). The highest transaction size is equal to 3.86% according to the total value of consideration criteria based on the audited consolidated financial statements of the Company as of September 30, 2020. When combined with the asset acquisition transactions of the Company, from the effective date of the registration statement for the offering of securities and the prospectus for the initial public offering newly-issued ordinary shares ("The Company's IPO prospectus") of the Company until the date prior to the date on which the Board of Directors of the Company approved to propose the shareholders' meeting to consider the transactions at this time, the highest transaction size is equal to 4.35%. Therefore, the transactions are classified as Type 3 Transaction under the Notifications on Acquisition or Disposition of Assets, which is defined as a transaction with size less than 15%. As such, the Company is not required to seek for approval from the Company's shareholders' meeting for the entering into the transactions. However, the Company deems it appropriate to propose Transaction 1 and Transaction 2 for shareholders' consideration and approval and has disclosed information of such

transactions in accordance with the Notifications on Acquisition or Disposition of Assets, and had them delivered to shareholders together with the notice of this shareholders' meeting.

Transaction 3 and Transaction 4 are not deemed as asset acquisition transactions as the investment plan for capacity expansion in 2020 – 2026 for 5 projects with total investment value of Baht 19,846 million, including the capacity expansion projects at Sadao and Chumphon branches, was approved by the Board of Directors' meeting No. 3/2020 of the Company on May 7, 2020, which took place before the effective date of the registration statement for securities offering and the IPO prospectus of the Company and was already disclosed in the said prospectus. Hence, the Company is not obligated to comply with the requirement under the Notifications on Acquisition or Disposition of Assets. However, since such Board of Directors' meeting No. 3/2020 has not set out details of the land sellers, the acquisition of land and constructions by the Company from ANV and STA, which are its connected persons, is accordingly regarded as a connected transaction.

The entering into 4 transactions is deemed as connected transactions under 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 Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) (collectively referred to as the "Notifications on Connected Transactions") as it is the entering into the transaction with STA as major shareholders of the Company, having direct and indirect shareholding of 56.18% of total issued and paid-up shares of the Company.⁷ Size of connected transactions is 6.17% of net tangible assets of the Company and subsidiaries as of September 30, 2020, and when combined with the Company's connected transactions with STA over the period from the effective date of the registration statement and the IPO Prospectus of the Company to the date prior to the date on which the Board of Directors passed a resolution approving the company to propose the shareholders' meeting to consider and approve this transaction, the total transaction size is 9.15%, which is higher than 3% of net tangible assets of the Company and subsidiaries.

Therefore, the company is required to disclose information on the entering into the asset acquisition and connected transactions to the Stock Exchange of Thailand and appoint an independent financial advisor to render an opinion to shareholders of the Company. It also has to seek for an approval from shareholders' meeting with affirmative votes of at least three-fourths of the total votes of shareholders who attend the meeting and are eligible to vote, excluding shareholders with conflict of interest.

The Company has appointed Capital Advantage Co., Ltd. as the independent financial advisor (the "Independent Financial Advisor" or "CapAd" or the "IFA") to render an opinion to shareholders concerning the reasonableness and appropriateness of price and conditions of the asset acquisition and connected transactions.

The Independent Financial Advisor has studied and analyzed all information and expressed opinions on reasonableness of Transaction 1 – 4 as follows:

STGT is STA Group's flagship company engaging in production and distribution of latex gloves by using the major raw material, concentrated latex, that is procured from STA and its subsidiaries.

As one of the leading producers and distributors of rubber gloves in Thailand and the world⁸, the Company plans to invest in its capacity expansion to respond to the rising market demand and the ongoing growth in global latex glove industry.

The Company has a strategy to focus on expansion of production capacity and development of natural latex glove (NR) products, while maintaining an appropriate proportion of nitrile glove (NBR) production capacity. The Company has some competitive advantages over its major rivals, including (a) cost advantage gained from its strategic location in the important rubber plantation area of Thailand and the region, leading to a lower cost of concentrated latex than that of its competitors; (b) strong competitive advantage in natural latex glove products, considering that other major latex glove producers in the region have concentrated mainly on capacity expansion and development of nitrile gloves, whereas the Company continuously expand and develop its capacity in natural latex gloves

⁷ Based on closing of share register (XO) of the Company as of August 31, 2020 from Thailand Securities Depository (Thailand) Co., Ltd.

⁸ Compared with installed capacity of top 5 rubber gloves producers in global market, which are Top Glove Corporation Bhd., Hartalega Holdings Bhd., Supermax Corporation Bhd., Kossan Rubber Industries Bhd., and the Company (Source: the IPO Prospectus of the Company)

production while maintain an appropriate proportion of nitrile glove production capacity; and (c) the advantage of having a major shareholder who is a leader in upstream and midstream businesses related to natural rubber products.

The Company has continuously increased its installed capacity, from 15,130 million pieces per year in 2015 to 27,153 million pieces per year in 2019 and 32,619 million pieces per year as at September 30, 2020, representing an average annual growth rate of 19.8% between 2015 and September 2020. The Company has set a target to boost its installed capacity of rubber gloves to more than 50,000 million pieces per year by 2024, more than 70,000 million pieces per year by 2026, and at least 100,000 million pieces per year by 2032 through investment in capacity expansion at its existing production facilities or at other new factory locations, as well as through merger or acquisition of other businesses in a bid to achieve solid and stable business growth.

The Company, therefore, plans to invest in and develop 4 capacity expansion projects during 2020 - 2023, which was already disclosed as future projects in the IPO Prospectus of the Company. Such capacity expansion projects include (1) Surat Thani Branch Capacity Expansion Project, (2) Sadao Branch Capacity Expansion Project, (3) Trang Branch Capacity Expansion Project, and (4) Chumphon Branch Capacity Expansion Project, with a total of 98 production lines and installed capacity of 35,199 million pieces per year and technical capacity of 32,735 million pieces per year. The Company's utilization rates in 2017 - 2019 were at 90.3%, 89.9%, and 88.6% respectively. The company, then, needs to expand its production capacity in order to respond to continuous rise in demand for latex gloves in global market.

Reasons for and Necessity of the Entering into Transactions 1 - 4

Acquisition of PSE Shares (Transaction 1)

This will be a restructuring within STA Group to enable the Company to promptly and easily employ a contractor for construction, designing and installation of machines and equipment at a lower cost, while reducing the number and volume of connected transactions between the Company and STA in the future.

Core business of PSE is the provision of engineering service including design, fabrication, installation of machines, and maintenance service to latex glove production facilities of the Company and STA Group. PSE provides a turnkey service for fabrication and installation of latex glove manufacturing machines together with equipment system as well as maintenance service for all 3 factories of the Company. At present, PSE is in the process of machine fabrication and installation for Surat Thani 2 Branch Capacity Expansion Project and Surat Thani 3 Branch Capacity Expansion Project.

Acquisition of PS Shares, Acquisition of Land with Constructions from ANV, and Acquisition of Land with Constructions from STA (Transactions 2 - 4)

Land acquisition is the initial phase of the Company's capacity expansion project.

In order to achieve the above target and strategic plan and restructure STA Group to be more appropriate, eliminate a hindrance to the business process, and facilitate the continuous capacity expansion of STGT, the Board of Directors' meeting No. 6/2020 of the Company, held on November 13, 2020, accordingly resolved to propose the shareholders' meeting to consider and approve the asset acquisition and connected transactions described above.

Benefits of entering into the asset acquisition and connected transactions are as follows:

Transaction 1: Acquisition of PSE Shares

Advantages and benefits of Transaction 1:

- (1) STA Group will be restructured to facilitate the implementation of the capacity expansion plan and business operation strategy of the Company to ensure greater flexibility and efficiency and to keep all confidential information on technical knowhow, machines used, and production process of latex gloves within the Company instead of STA. Currently, STA holds 99.9992% of registered and paid-up capital of PSE while STA holds directly and indirectly 56.18% of registered and paid-up capital of the Company. After the entering into the transactions, information of PSE shall be under management of the Company, reducing the risk of leak of information which is out of control of the Company such as the reduction of STA's shareholding in the Company in the future and/or the holding of STA shares by other business partners. Thus, the entering into Transaction 1 shall support core business of the Company and create added value for the Company in the long term.

- (2) The number and volume of connected transactions of the Company will be reduced and its reliance on STA will be minimized to a certain extent. The Company expects to engage PSE in fabrication and installation of machines used in latex gloves production and maintenance of production lines according to its capacity expansion plans and future projects. The entering into the Acquisition of PSE Shares (Transaction 1) shall reduce number and volume of connected transactions in the future and the reliance on STA Group.
- (3) Process and time for employment of PSE to undertake new factory construction and production line installation shall be reduced in the future. The transaction will accordingly change from transaction entered into with the connected person to transaction with the Company's subsidiary, hence, the Company and the subsidiary will have to simply obtain their respective internal approval, leading to rapidity and flexibility in the operation and capacity expansion of the Company and help to reduce a loss of business opportunity and maintain the Company's competitiveness.
- (4) The Company will acquire assets that can promptly generate revenue and have low amount of financial liabilities.
- (5) Revenue and profit of PSE, which was previously recorded in consolidated financial statement of STA, will be instantly recognized in the Company's consolidated financial statements, thus, seemingly help to indirectly reduce cost of new project development of the Company.
- (6) PSE has profoundly knowledgeable, skillful, and experienced personnel who has long been well acquainted with the Company and share similar corporate culture, thus enabling the Company to uninterruptedly manage PSE.
- (7) PSE's head office is close to the Company's headquarter, making their coordination easy, fast and convenient

However, Transaction 1 is associated with the following disadvantages and risks:

- (1) It is an investment in the company whose growth may be limited since PSE provides services solely to STA Group unless there is a change in policy that allow PSE to provide service to the outsiders in the future.
- (2) It is an investment in the company which provides services of designing, fabrication, and installation of machines for rubber sheets, concentrated latex, and latex gloves only, and does not have diverse skill or experience in other industries.
- (3) Investment in PSE shares is considered as non-diversified investment (having similar rubber glove market risk exposure to the Company) since PSE's performance hinges mainly on growth and capacity expansion of the Company.
- (4) Risk associated with past tax burden of PSE and/or unrealized liabilities outside financial statements of PSE. In order to mitigate such risk, the Company has prepared financial, tax, and legal due diligence report of PSE. In addition, in the draft share sale and purchase agreement, the seller of PSE shares has given its representation and warranties on past tax burden and no material change in list of assets and liabilities.

Transactions 2 - 4: Acquisition of PS Shares, Acquisition of Land with Constructions from ANV, and Acquisition of Land with Constructions from STA

The Company considered the acquisition of PS shares instead of the acquisition of land because PS has currently discontinued its business operation and intends to sell its shares to the Company, which can help save cost of sale and purchase when compared with selling land directly to the Company. The Company and STA wish to save expenses on land ownership transfer as well. The Company and STA Group estimate expenses and tax saving at Baht 29.09 million (including corporate income tax, specific business tax, and transfer fee). On the other hand, STA incurs no additional tax expenses in case of the sale and purchase of PS shares since it can deduct profit from the disposition of investment from retained loss.

Advantages and benefits of the Transaction 2 - 4 are as follows:

- (1) The Company will be able to implement its capacity expansion plan according to the future projects disclosed in the IPO Prospectus of the Company, which can create value added for the Company in the long term since the capacity expansion under Transactions 2 – 4 will enable the Company to receive higher return on investment in the 2 factories.
- (2) The Company will acquire large pieces of land in prime and potential locations suitable for establishing its new production facilities which are Sadao 1 Branch Factory (Transactions 2), Chumphon Branch Factory (Transaction 4) as their size and shape fit well with layout of production

lines. The lands are in prime and potential locations, close to source of concentrated latex (raw material used in production of latex gloves) and natural water sources, next to the roads, not far from port, and receive greater tax incentives than those granted to general promotion areas.

and it is the acquisition of land with constructions (Transaction 3) which is adjacent to land owned by the Company (location of Sadao 2 Branch Factory which is under construction). Such are will be used as maintenance center of staff house for Sadao 1 Branch Capacity Expansion Project and Sadao 2 Branch Capacity Expansion Project.

- (3) Competitiveness of the Sadao Branch Capacity Expansion Project and of the Company in the long term shall be enhanced and economies of scale shall be created. The construction of Sadao 1 Branch Factory and Sadao 2 Branch Factory shall enable the Company to have its large production bases in the same zone and under the centralized management of the Company's team, which is considered as effective resource management for the maximum benefit of the Company.
- (4) The establishment of latex glove production facilities at various locations helps to mitigate risk from natural disasters and any other risks that are beyond the Company's control/prediction which may lead to the interruption of production lines.
- (5) The Company has adequate funding sources, obtained from its internal capital and the IPO, to finance the entering into Transactions 2 – 4 and the development of Sadao 1 Branch Factory and Chumphon Branch Factory. According to its consolidated financial statements as of September 30, 2020, the Company had current assets (cash and deposits at banks only) of Baht 16,967.45 million.
- (6) Sadao 1 Branch Factory receives a promotion certificate from the Board of Investment (BOI) on August 10, 2020. Chumphon Branch Factory is also a project eligible for promotional privileges under the law on investment promotion by the BOI.
- (7) The purchase prices of PS shares, land from ANV, and land in Chumphon from STA, based on the appraised value of land and the feasibility study of Sadao 1 Branch Capacity Expansion Project (Transaction 2 + 3) and Chumphon Branch Factory (Transaction 4), are considered appropriate.

However, Transaction 2 - Transaction 4 are associated with the following disadvantages and risks:

- (1) The Company's cash and liquidity will decrease. After the entering into Transaction 2 – 4, cash of the Company shall decrease by Baht 7,839 million and its quick ratio shall drop from 5.17 times to 3.50 times. (If include investment in Transaction 1 of Baht 1,120 million, quick ratio shall drop to 3.19 times.)
- (2) Risks involved with new project development and business risk
 - (2.1) Risk associated with all required approvals such as factory license, building construction permit, and certificate of building construction
 - (2.2) Risk relating to a delay in factory construction and/or a delay caused by business plan revision
 - (2.3) Risk of cost overrun
 - (2.4) Risk of oversupply triggered by capacity expansion of the Company and other producers
- (3) Risk associated with past tax burden and/or unrealized liabilities outside financial statements of PS. In order to mitigate such risk, the Company has prepared financial, tax, and legal due diligence report of PS. In addition, in the draft share sale and purchase agreement, the seller of PS shares has given its representation and warranties on past tax burden and no material change in list of assets and liabilities.

Advantages and benefits of entering into the transactions with connected persons and the transactions with the third party are as follow:

- (1) The Company will acquire shares and business of PSE which is the only Thai engineering firm that can provide comprehensive services of machinery designing, fabrication, and machine installation for latex glove factories according to the Company's required form and standard. PSE has experience in a fully integrated engineering service for rubber gloves and raw rubber processing for more than 26 years. Therefore, it is capable of selecting suitable machines with highest efficiency for the Company and setting up production lines with maximum effectiveness and minimum error. Currently, other service providers in Thailand are unable to offer the same service quality as that of PSE which is at the global standard in terms of production volume, amount of revenue, technology such as production speed and enhancement of productivity for latex glove manufacturing facilities.
- (2) The Company can choose to buy lands that have not been fully utilized by STA in its upstream and midstream businesses. The Company has made a survey of land belonging to other persons in Sadao

District, Songkhla Province, and in Pathio District, Chumphon Province, but could not find any land of a large size and in the location suitable for establishing its factories that is comparable with the land of the connected person.

- (3) Time spent in the accumulation of potential land plots in the suitable location can be reduced. The Company will receive prompt and complete information, hence, can immediately determine the suitability of land without having to go through tedious process as in the case of buying land from the third party.

Disadvantages of entering into the transactions with related parties in comparison with transactions with the third party are as follow:

- (1) Its desire for speedy capacity expansion has prompted the Company to enter into Transactions 2 – 4 with STA and ANV, thus, likely to lose the opportunity to find land that may have more potential and/or are sold at cheaper price.
- (2) Risk from reliance on STA in land acquisition for new factory construction in case there is time constraint. In case the Company needs to urgently construct new factories, it may have to promptly acquire land for new factory construction within a limited period of time. As a result, it is very likely that the Company may have to rely on STA in land acquisition since STA owns abundant parcels of large-sized land located in the rubber plantation area.
- (3) Since the entering into 4 transactions are deemed material transactions according to the Notifications on Connected Transaction, the Company will incur extra costs from arrangement of a shareholders' meeting to approve the connected transactions and appointment of the IFA to provide opinion to the shareholders, which are additional costs when compared with the entering into the transactions with the third party.

After considering objectives and necessities of the transactions as well as advantages, disadvantages, benefits, and risks, the Independent Financial Advisor is of the opinion that the asset acquisition and connected transactions under the 4 transactions shall support continuous and sustainable growth of the Company in the future and add value to assets in the long run, which shall create benefit to the Company and every shareholder, and most of the risks are risks associated with the operation in the normal course of business. Therefore, the **asset acquisition and connected transactions under the 4 transactions are considered reasonable.**

In considering the appropriateness of price and conditions of the asset acquisition and connected transactions, the IFA has the following opinions:

Transaction 1: Appropriateness of Price and Conditions of the Acquisition of PSE Shares

Value of PSE shares derived from various valuation approaches can be summarized in the table below:

PSE	Value of PSE Shares (Baht/share)	Firm Equity Value of PSE (Baht million)	Acquisition price of PSE Shares ^{1/} (Baht million)	Higher (Lower) Than Acquisition Price of PSE Shares	
				(Baht million)	(%)
	(1)	(2)	(3)	(4) = (2)–(3)	(5) = (4)/(3)
Book Value Approach	1,113.97	556.98	1,120.00	(563.02)	(50.27)%
Adjusted Book Value Approach	1,262.29	631.14	1,120.00	(488.86)	(43.65)%
Market Value Approach	n.a.	n.a.	1,120.00	n.a.	n.a.
Price to Book Value Ratio Approach	1,097.35 – 1,390.87	548.68 – 695.44	1,120.00	(571.32) – (424.56)	(51.01)%–(37.91)%
Price to Earnings Ratio Approach	412.58 – 1,598.37	206.29 – 799.19	1,120.00	(913.71) – (320.81)	(81.58)%–(28.64)%
Discounted Cash Flow Approach	2,326.04 – 2,762.19	1,163.02 – 1,381.10	1,120.00	43.02 – 261.10	3.84% - 23.31%

Remark: 1/ Acquisition price of 499,996 ordinary shares of PSE shares at par value of Baht 100 per share, equivalent to 99.9992% of total shares with voting rights of PSE, at a total value of Baht 1,120.00 million.

The IFA is of the opinion that the most appropriate approach to value PSE shares is the Discounted Cash Flow Approach as it reflects future profitability of PSE while other valuation approaches do not take into account the future profitability. Conclusively, **CapAd views that fair value of PSE shares is equal to Baht 1,163.02 – 1,381.10 million, higher than the acquisition price by Baht 43.02 – 261.10 million or higher by 3.84% – 23.31% than the acquisition price. Thus, acquisition price of PSE shares of Baht 1,120.00 million is considered appropriate.**

Transaction 2: Appropriateness of Price and Conditions of the Acquisition of PS Shares

Value of PS shares derived from various valuation approaches can be summarized in the table below:

PS	Value of PS Shares (Baht/share)	Firm Equity Value of PS (Baht million)	Acquisition price of PS Shares ^{1/} (Baht million)	Higher (Lower) Than Acquisition Price of PS Shares	
				(Baht million)	(%)
	(1)	(2)	(3)	(4) = (2)-(3)	(5) = (4)/(3)
Book Value Approach	239.44	95.78	147.00	(51.22)	(34.85)%
Adjusted Book Value Approach	367.47	146.99	147.00	(0.01)	(0.01)%

Remark: 1/ The Company shall acquire 399,994 ordinary shares of PS with par value of Baht 100 per share, equivalent to 99.9985% of total shares with voting rights of PS, at a total value of Baht 147.00 million.

The IFA is of the opinion that the most appropriate approach to value PS share is the Adjusted Book Value Approach as PS does not currently operate any business and its remaining assets mostly are land and land improvements. In addition, the Adjusted Book Value Approach can reflect fundamental value of assets and the events after the financial statement date of PS while other valuation approaches are suitable for the evaluation of business that is on an on-going basis. Conclusively, **CapAd views that fair value of Firm Equity Value of PS is equal to Baht 146.99 million. Thus, acquisition price of PS share of Baht 147.00 million is considered appropriate.**

Transaction 3: Appropriateness of Price and Conditions of the Acquisition of Land with Constructions of ANV

Comparison of fair value of land with constructions to be acquired as determined by the Independent Property Appraiser and the acquisition price is as follows:

ANV	Fair value of assets to be acquired (Baht million)	Acquisition price (Baht million)	Acquisition price Higher (Lower) than Appraised value	
			(Baht million)	(%)
	(1)	(2)	(3) = (1) - (2)	(4) = (3)/(2)
Land with constructions – ANV	69.21	69.21	-	-

Remark:

1/ Fair value of land derived from the property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-157.1 dated October 29, 2020. The Independent Property Appraiser applied Market Comparison Approach for the appraisal of land and applied Depreciated Replacement Cost Approach for the appraisal of constructions.

The fair value of land with constructions of ANV to be acquired, as determined by Independent Property Appraiser, is at Baht 69.21 million which is equal to the acquisition price. **Therefore, CapAd is of the opinion that acquisition price of ANV's land with constructions in the total amount not exceeding Baht 69.21 million is appropriate.**

Appropriateness of the investment in Sadao 1 Branch Factory + Land with Constructions of ANV

From the feasibility study of Sadao 1 Branch Project and construction of engineering center and staff/labor houses on land to be acquired from ANV, the IFA finds that NPV of the Project is in the range of Baht 238.99 – 668.99 million, IRR is in the range of 10.02% – 13.29% per annum, which is higher than discount rate (WACC) of 9.70% per annum, and payback period is 8.21 – 9.51 years. Therefore, the IFA is of the opinion that the acquisition price of ordinary shares of Baht 147.00 million + investment in buildings and machines of Baht 1,657.63 million + acquisition price of land with constructions from ANV of Baht 69.21 million + additional investment on the assets to be acquired from ANV of Baht 48.00 million, or the total investment of not exceeding Baht 1,921.84 million **is feasible and appropriate.**

Transaction 4: Appropriateness of Price and Conditions of the Acquisition of Land with Constructions of STA

Comparison of fair value of land with constructions to be acquired as determined by the Independent Property Appraiser and the acquisition price is as follows:

Chumphon	Appraised value of assets to be acquired (Baht million)	Acquisition price (Baht million)	Acquisition price Higher (Lower) than Appraised Value	
			(Baht million)	(%)
	(1)	(2)	(3) = (1) – (2)	(4) = (3)/(2)
Land with constructions	177.47	177.47	-	-

Remark: 1/ Appraisal price according to property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-216 dated October 29, 2020. The Independent Property Appraiser applied Market Comparison Approach for the appraisal of land and applied the Depreciated Replacement Cost Approach for the appraisal of buildings and constructions.

Fair value of land with constructions to be acquired from STA, as determined by the Independent Property Appraiser is at Baht 177.47 million, equal to the acquisition price. **Therefore, CapAd is of the opinion that acquisition price of land with constructions in the total amount not exceeding Baht 177.47 million, is appropriate.**

Appropriateness of the Investment in Chumphon Branch Factory

From the feasibility study of Chumphon Branch Project, the IFA finds that NPV of the Project is in the range of Baht 1,606.75 - 3,159.07 million, IRR is in the range of 13.07% – 15.94% per annum which is higher than discount rate (WACC) of 9.70% per annum, and payback period is 8.38 – 9.40 years. Therefore, the IFA is of the opinion that the acquisition price of land with constructions from STA amounting to Baht 177.47 million and developing cost of Chumphon Branch Project amounting to not exceeding Baht 5,650.00 million, equivalent to total project value of Baht 5,827.47 million, **is feasible and appropriate.**

When considering prices and conditions of Transaction 1 – 4, the IFA is of the opinion that prices and conditions of asset acquisition and connected transactions under the 4 transactions are appropriate.

When considering reasonableness of the asset acquisition and connected transactions, and the appropriateness of prices and conditions of the asset acquisition and connected transactions, **the IFA opines that shareholders should approve the entering into the asset acquisition and connected transactions (Transaction 1 - Transaction 2) and the connected transactions (Transaction 3 - Transaction 4).**

Shareholders should study information in all documents attached to the notice of the shareholders' meeting prior to making the decision. The consideration to approve the asset acquisition and connected transactions rests primarily on and is the sole discretion of shareholders.

CapAd, as the IFA, hereby certifies that it has provided the above opinion with due care in accordance with the professional standards for the benefits of the shareholders.

Details of the IFA's opinion are as follows:

Part 1: General Details of the Asset Acquisition and Connected Transactions**1. Characteristics and Details of the Transactions****1.1 Objective and Background of the Transactions**

The Board of Directors' meeting No. 6/2020 of Sri Trang Gloves (Thailand) PCL. ("the Company" or "STGT"), held on November 13, 2020, resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2020 of the Company ("EGM No. 1/2020"), to be convened on December 25, 2020, to consider and approve significant agenda concerning the asset acquisition and connected transactions to be entered into with Sri Trang Agro-Industry PCL. ("STA") (which is the major shareholder of the Company), and STA's subsidiaries as follows:

Asset Acquisition and Connected Transactions (Transaction 1 – 2)**Transaction 1: Purchase of ordinary shares of Premier System Engineering Co., Ltd. (PSE) in order to acquire core business of PSE (Acquisition of PSE Shares)**

The Company will invest in Premier System Engineering Co., Ltd. ("PSE") by purchasing 499,996 ordinary shares of PSE⁹ with par value of Baht 100 per share, representing 99.9992% of total issued and paid-up shares of PSE, at a total sale and purchase price of Baht 1,120.00 million, divided into (1) an amount of 419,996 shares or 83.9992% to be purchased from Sri Trang Agro-Industry PCL. (STA), which is a major shareholder of the Company, and (2) an amount of 80,000 shares or 16.00% to be purchased from Rubberland Products Co., Ltd. ("RBL"), a subsidiary of STA ("Acquisition of PSE Shares" or "Transaction 1") (*Agenda 1 of the Company's EGM No. 1/2020*)

The Company has the objective to manage and plan the capacity expansion with PSE whose core business is the provision of engineering services, including design and installation of machines and production lines, for production facilities of the Company and STA Group, so it has expertise in machines related to the production of rubber gloves. The Company plans to expand its production capacity from the current installed capacity of 32,619 million pieces per year to 70,000 million pieces per year by 2024, the Company therefore needs to build additional production facilities and procure and install a large number of machines, as well as enter into various agreements relating to such capacity expansion.

The Acquisition of PSE shares will enable the Company to expand production capacity more flexibly and efficiently. It is also considered as a restructuring of companies within STA group in order to ensure that the secrets and expertise in design and installation of latex glove making machines are properly structured and kept within the group. Furthermore, PSE can also earn additional income from providing repair and maintenance services of machines to companies within the STA group, as well as those outside the group.

Transaction 2: Purchase of ordinary shares of Sadao P.S. Rubber Co., Ltd. (PS) in order to acquire land for construction of a new latex glove production facility of the Company in Sadao District, Songkhla Province (Acquisition of PS Shares)

The Company will invest in Sadao P.S. Rubber Co., Ltd. ("PS") by purchasing 399,994 ordinary shares of PS¹⁰ with par value of Baht 100 per share, representing 99.9985% of total issued and paid-up shares of PS, at a total sale and purchase price of Baht 147.00 million, from Sri Trang Agro-Industry PCL. (STA) ("Acquisition of PS Shares" or "Transaction 2") is with the objective to acquire land for construction of a new latex glove production facility of the Company. (*Agenda 2 of the Company's EGM No. 1/2020*)

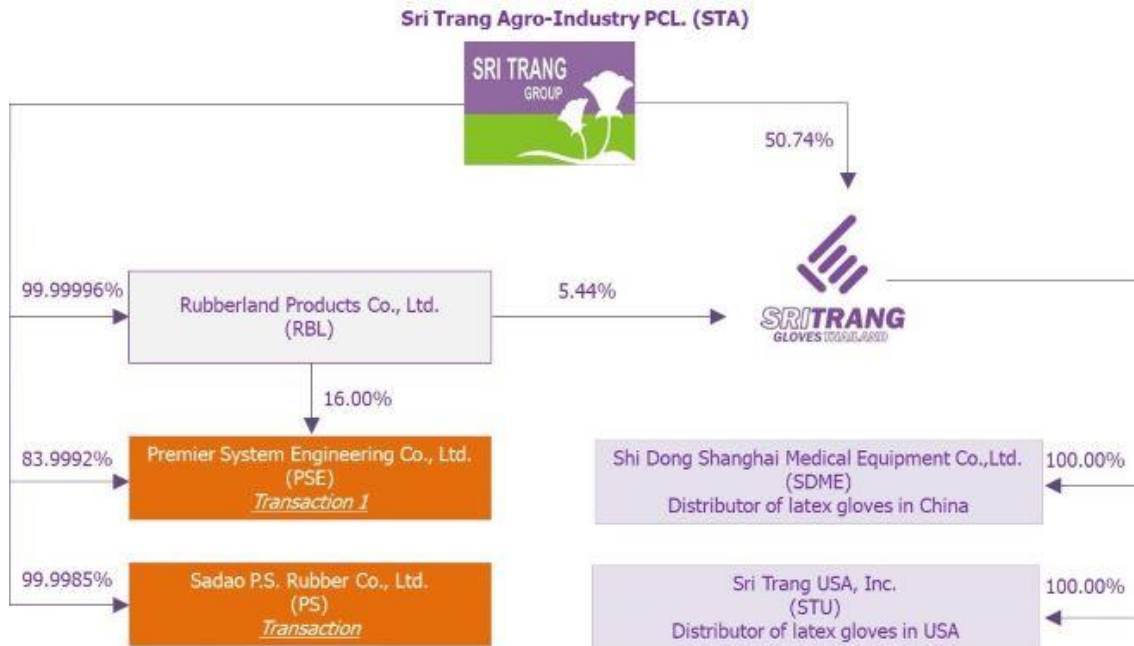
PS is the owner of 3 adjacent plots of vacant land with a total area of 89-2-94 rai in Sadao Sub-district, Sadao District, Songkhla Province. The land is located in the BOI-designated Special Economic Zone and, hence, is entitled to greater tax incentives than those granted to general promotion areas. By acquiring PS shares, the Company will have control over PS and can use its land for construction of a new production facility. PS has currently discontinued its business operation and intends to sell its shares to the Company, which can help save cost of sale and purchase when compared with selling land directly to the Company. Simultaneously, the Company wishes to save expenses on land ownership transfer as well. The Company and STA Group estimated expenses and tax saving at Baht 29.09 million

⁹ As of October 22, 2020, PSE had registered capital of Baht 50,000,000, divided into 500,000 ordinary shares with par value of Baht 100 per share.

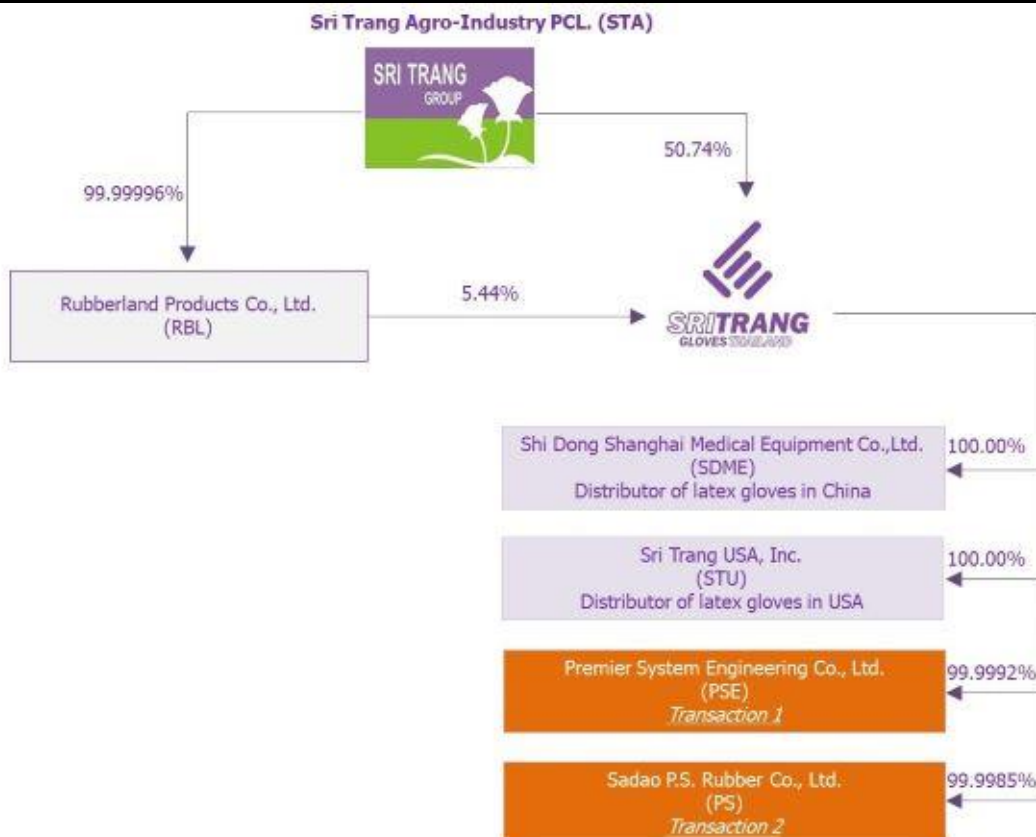
¹⁰ As of September 23, 2020, PS had registered capital of Baht 40,000,000, divided into 400,000 ordinary shares with par value of Baht 100 per share.

(including corporate income tax, specific business tax, and transfer fee). On the other hand, STA incurs no additional tax expenses in case of the sale and purchase of PS shares since it can deduct profit from the disposition of investment from retained loss.

Shareholding Structure of the Company and STA Prior to the Entering into Transaction 1 - 2



Shareholding Structure of the Company and STA After the Entering into Transaction 1 - 2



Remark: Shareholding structure of the subsidiaries of STA relating to this transaction only.

After the entering into this transaction, PS is still the owner of lands and maintain its entity status for at least 3 – 5 years but shall not operate any business. The Company shall rent the lands owned by PS in order to construct Latex Glove Factory Sadao 1 Branch. The Company shall consequently consider the business operation of PS by taking into account expenses, business opportunity, and effects that may incur in its decision making.

The Company plans to construct on such already improved land a new latex glove production facility, located in Sadao District, Songkhla Province ("Latex Glove Factory Sadao 1 Branch") with an installed capacity of approximately 2,903 million pieces per year (including both powder-free natural latex gloves and nitrile gloves), which is part of the "Sadao Branch Capacity Expansion Project" with a total installed capacity of about 10,161 million pieces per year in accordance with the Company's business expansion plan as revealed in the IPO Prospectus of the Company. After the acquisition of shares in PS, which is expected by January 2021, the Company will commence construction of Latex Glove Factory Sadao 1 Branch in early 2021 and plans to start commercial operation by 2022.

Connected Transactions (Transaction 3 – 4)

Transaction 3: Purchase of land and constructions of Anvar Parawood Co., Ltd. (ANV) for use as part of the Sadao Branch Capacity Expansion Project in Sadao District, Songkhla Province (Acquisition of Land with constructions from ANV)

The Company will acquire 3 adjacent plots of land with a total area of 34-1-0.70 rai together with constructions, located in Samnak Kham Sub-district, Sadao District, Songkhla Province, at a total sale and purchase price of Baht 69.21 million, from Anvar Parawood Co., Ltd. ("ANV"), a subsidiary of STA ("Acquisition of Land with constructions from ANV" or "Transaction 3"). (*Agenda 3 of the Company's EGM No. 1/2020*)

The Company has the objective to acquire land with constructions for use as supporting facilities for the Sadao Branch Capacity Expansion Project (consists of Sadao 1 Branch Factory (Transaction 2) and Sadao 2 Branch Factory (no approval sought at this shareholders' meeting)), which are future projects of the Company as disclosed in the IPO Prospectus of the Company.

The investment in the Sadao Branch Capacity Expansion Project was approved by the Board of Directors' meeting No. 3/2020 of the Company on May 7, 2020 with total investment value of approximately Baht 5,781 million in order to support its 28 production lines, of which technical capacity shall increase by 9,450 million pieces per year. Such Board of Directors' meeting took place before the effective date of the registration statement for securities offering and the IPO Prospectus of the Company, and was already disclosed in the said prospectus. Hence, the Company is not obligated to comply with the requirement under the Notifications on Acquisition or Disposal of Assets.

However, since such Board of Directors' meeting No. 3/2020 held on May 7, 2020 has not set out details of the land sellers, the purchase of land by the Company from ANV, which is its connected person, is accordingly regarded as a connected transaction.

Transaction 4: Purchase of land with constructions of Sri Trang Agro-Industry PCL. (STA) for construction of a new latex glove production facility of the Company in Pathio District, Chumphon Province (Acquisition of Land with Constructions from STA)

The Company will acquire 12 adjacent plots of land (plots being divided by public streams and a public way) with a total area of 334-0-6.2 rai together with 5 constructions located in Khao Chairat Sub-district, Pathio District, Chumphon Province, at a total sale and purchase price of Baht 177.47 million, from Sri Trang Agro-Industry PCL. (STA) ("Acquisition of Land with Constructions from STA" or "Transaction 4"). (*Agenda 4 of the Company's EGM No. 1/2020*)

The Company has the objective to acquire land for construction of a new latex glove production facility in Pathio District, Chumphon Province ("Chumphon Branch Capacity Expansion Project") in accordance with its business expansion plan as revealed in the IPO Prospectus of the Company.

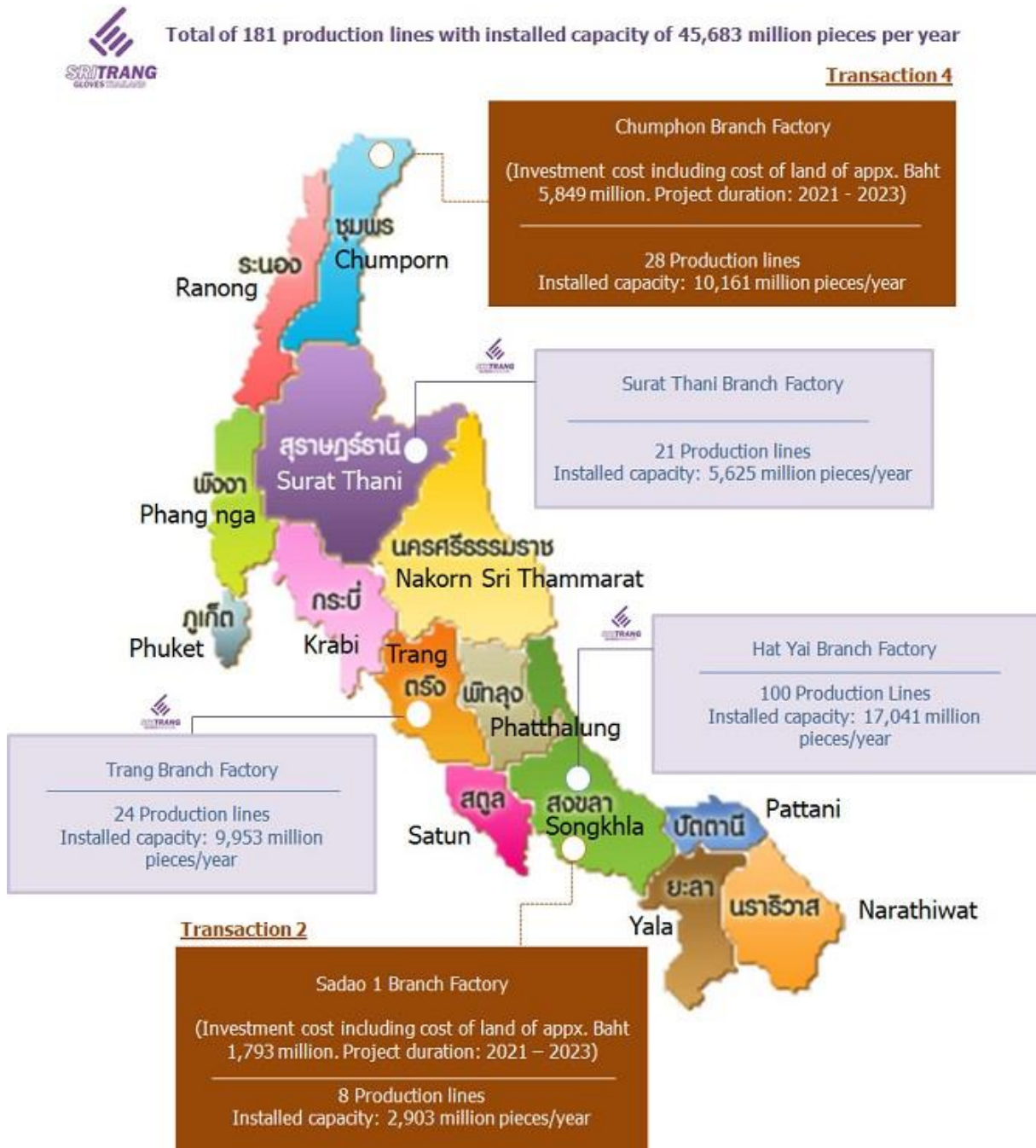
Such new plant will have an installed capacity of approximately 10,161 million pieces per year and be able to produce both powder-free natural latex gloves and nitrile gloves. The Company expects that the project should require a total investment cost (including land cost) of approximately Baht 5,849 million. The Company plans to commence construction by early 2021 and expects to launch partial commercial operation in 2021 and fully operate all production lines around late 2023.

The investment in the Chumphon Branch Capacity Expansion Project was approved by the Board of Directors' meeting No. 3/2020 of the Company on May 7, 2020 with total investment value of approximately Baht 4,380 million in order to support its 24 production lines, of which technical capacity

shall increase by 8,100 million pieces per year.¹¹ Such Board of Directors' meeting took place before the effective date of the registration statement for securities offering and the IPO Prospectus of the Company, and was already disclosed in the said prospectus. Hence, the Company is not obligated to comply with the requirement under the Notifications on Acquisition or Disposal of Assets.

However, since such Board of Directors' meeting No. 3/2020 held on May 7, 2020 has not set out details of the land sellers, the purchase of land by the Company from STA, which is its connected person, is accordingly regarded as a connected transaction.

Overview of Factory Locations upon Completion of Transaction 1 – 4



¹¹ The Company has adjusted its production line to 28 production lines with installed capacity of 10,161 million pieces per year and technical capacity of 9,449 million pieces per year.

Remark: Excluding the production capacity expansion project of Surat Thani 2 and 3 Factory which are under construction, totaling 18 production lines with installed capacities of 6,169 million pieces per year, and the production capacity expansion project of Sadao 2 Branch Factory, totaling 20 production lines with an installed capacity of 7,258 million pieces per year.

STGT's Production Capacity before and after Entry into Transactions 1-4

Remark: Excluding the production capacity expansion project of Surat Thani 2 and 3 Factory which are under construction, totaling 18 production lines with installed capacities of 6,169 million pieces per year, and the production capacity expansion project of Sadao 2 Branch Factory, totaling 20 production lines with an installed capacity of 7,258 million pieces per year.

<u>Prior to the Entering into the Transactions</u>			<u>After the Entering into the Transactions</u>		
Sri Trang Gloves (Thailand) Public Company Limited (STGT)			Sri Trang Gloves (Thailand) Public Company Limited (STGT)		
<i>As at the end of 03/2020</i>			<i>As at the end of 03/2020</i>		
	<i>Production Lines</i>	<i>Installed Capacity/Year</i>		<i>Production Lines</i>	<i>Installed Capacity/Year</i>
Hat Yai Branch Factory	100	17,041	Hat Yai Branch Factory	100	17,041
Surat Thani Branch Factory	21	5,625	Surat Thani Branch Factory	21	5,625
Trang Branch Factory	24	9,953	Trang Branch Factory	24	9,953
Total	145	32,619	Sadao 1 Branch Factory (Transaction 2)	8	2,903
			Chumphon Branch Factory (Transaction 4)	28	10,161
			Total	181	45,683

Details of each transaction can be as summarized below:

Transaction 1: Purchase of Ordinary Shares of Premier System Engineering Co., Ltd. (PSE) in order to Acquire Core Business of PSE (Acquisition of PSE Shares)

1) Date of the Transaction

The Company will sign the sale and purchase agreement of ordinary shares of PSE with STA and RBL after it has obtained approval for entering into this transaction from the EGM No. 1/2020 of the Company, which will be convened on December 25, 2020. The Company expects that the Acquisition of PSE Shares will be completed by January 2021.

2) Contract Parties and Relationship with the Company

Assets being acquired	:	499,996 ordinary shares of Premier System Engineering Co., Ltd. (PSE) with par value of Baht 100 per share, representing 99.9992% of total issued and paid-up shares of PSE
Buyer	:	Sri Trang Gloves (Thailand) PCL. (the Company or STGT)
Sellers	:	(1) Sri Trang Agro-Industry PCL. (STA) as the seller of 419,996 shares in PSE or 83.9992%; and (2) Rubberland Products Co., Ltd. (RBL) as the seller of 80,000 shares in PSE or 16.00%
Relationship between buyer and sellers	:	STA is a major shareholder of the Company, holding directly and indirectly (including RBL) 56.18% of total issued and paid-up shares of the Company, and RBL is a major shareholder of the Company, holding directly 5.44% of total issued and paid-up shares of the Company. ^{1/} STA and the Company also have mutual directors, namely Mr. Viyavood Sincharoenkul, Mr. Kitichai Sincharoenkul and Mr. Veerasith Sincharoenkul, thus being considered the connected persons of the Company under the Notifications on Connected Transactions.

Remark:

1/ Information regarding shareholding in the Company as of August 31, 2020 is derived from closing of the Company's share registration book (XO) provided by The Thailand Securities Depository Co., Ltd. List of shareholders who are eligible to attend the Extraordinary General Meeting of Shareholders ("EGM") No. 1/2020 will be from closing of the Company's share registration book (XM) on November 30, 2020.

3) General Characteristics of the Transaction

The Company will invest in 499,996 ordinary shares of PSE with par value of Baht 100 per share, representing 99.9996%, at a total value of Baht 1,120.00 million, divided into (1) an amount of 419,996 shares to be purchased from Sri Trang Agro-Industry PCL. (STA), which is a major shareholder of the Company, and (2) an amount of 80,000 shares to be purchased from Rubberland Products Co., Ltd. (RBL), a subsidiary of STA, thus being considered the connected persons of the Company. The Company will pay the purchase price of such shares fully in cash or money transfer.

The objective of the entry into Transaction 1 is to acquire the engineering service business of PSE, including design and installation of machines and production lines and supervisory works for all factories of the Company, which will be directly beneficial to the continuous capacity expansion of the Company. During 2020 - 2028, the Company plans to construct 4 new large-sized latex glove production facilities with a total installed capacity of approximately 218 production lines, with an installed capacity of 78,745 million pieces per year. These include (1) 4 large-scale production expansion projects during 2020 - 2023 with 98 production lines, with an installed capacity of approximately 35,199 million pieces per year, as disclosed in "Future Projects" in the IPO Prospectus of the Company and (2) the production capacity expansion projects which will be gradually constructed during 2023 - 2028 with 120 production lines, with an installed capacity of approximately 43,546 million pieces per year.

4) Details of the Acquired Asset

The Company will acquire the entire 499,996 shares of PSE with par value of Baht 100 per share from the existing shareholders, representing 99.9996% of total issued and paid-up shares of PSE, at a total value of Baht 1,120.00 million.

Company Profile and Significant Assets of Premier System Engineering Co., Ltd.

Premier System Engineering Co., Ltd. (PSE) was established on March 2, 1994 with the objective to provide comprehensive engineering services, including design, fabrication, and installation of machines, to factories in STA Group, considering that production technology and machines are indispensable for creating a quality product standard of STA Group.

PSE has expertise in design, fabrication, and installation of machines for medical latex glove production lines and other industries and machines for manufacturing natural rubber such as rubber bars. Machines will be produced on a made-to-order basis. PSE provides a comprehensive range of services, including design, procurement, fabrication, and installation, and supervisory works, together with after-sales services such as repair and maintenance of machines and equipment.

PSE previously provided a turnkey service on fabrication and installation of latex glove making machines together with equipment system to the 3 existing factories of the Company (having a total of 145 production lines with a combined installed capacity of 32,619 million pieces per year), and is currently in the process of fabricating and installing machines for capacity expansion of Latex Glove Factory Surat Thani Branches 2 and 3 (18 production lines with a combined installed capacity of 6,169 million pieces per year, commencing construction in 2020). The scope of services of PSE includes the procurement of machines, equipment, parts, labor and materials, tools and other equipment at a lump-sum fee, which also covers labor cost, operating cost, transportation cost, equipment cost, stuff cost, regulatory approval fee, related fees and taxes, and all other expenses to ensure that the installation of machines and equipment meets the designs and specifications as mutually agreed.

As at September 30, 2020, PSE had registered and paid-up capital of Baht 50 million, divided into 500,000 ordinary shares with par value of Baht 100 per share. *(Please find details of PSE in Attachment 1 of this report)*

The significant assets of PSE as shown in its financial statements are property, plant and equipment, which are the core assets used for operating the business of comprehensive engineering service provision. Book value of such assets, according to the audited financial statements for the 12-month period ended December 31, 2019 and the unaudited financial statements for the 9-month period ended September 30, 2020,¹² was equal to Baht 255.39 million and Baht 250.03 million respectively. Details of the significant assets can be summarized as follows:

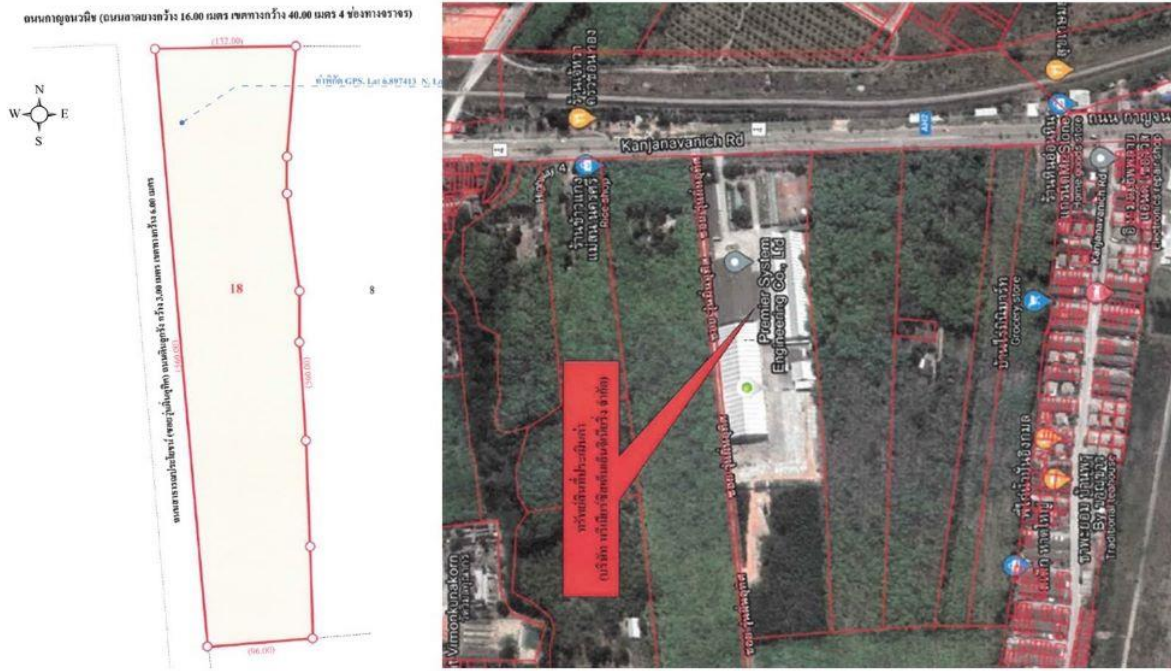
- A plot of land of 38-3-8.3 rai with a factory and office building and other constructions

Summary of Land with Constructions of PSE	
Location	No. 123 Moo 8 Kanjanavanich Road, Km. 1267 – 1268, Ban Phru Sub-district, Hat Yai District, Songkhla Province – Prominent places nearby: Hatyaiwittayalai 2 School, Southern Hills Golf & Country Club, and Ban Phru Municipality fresh market
GPS location	Lat: 6.898413 / Long: 100.468695
Land area	One land plot of 38-3-8.3 rai under title deed No. 25205, parcel No. 18, dealing file No. 2290
Land characteristics	The land is almost in rectangular shape, located next to Kanjanavanich Road with a frontage of approximately 132 meters (road width: 16 meters; right of way width: 40 meters; 4 traffic lanes) and next to a public road of approximately 560 meters in width (Soi Wunphin Uthit; road width: 3 meters; right of way width: 6 meters), and is at the same level as the road.
Details of constructions	A 2-storey factory and office building and other buildings, totaling 18 items, with a total useable area of 38,548.40 square meters
Owner of land and constructions	Premier System Engineering Co., Ltd.
Encumbrances of land with constructions	None
Laws affecting the assets	None
Appraisal price of land with constructions	on October 29, 2020, First Star Consultant Co., Ltd. appraised the value of land for public purposes by using the Market Comparison Approach and appraised value of constructions by using the Depreciated Replacement Cost Approach. Total value of land with constructions is at Baht 264.69 million (Baht 162.84 million for land and Baht 101.85 million for constructions).

Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-209 dated October 29, 2020

¹² Unaudited but limited reviewed by STA's auditor for preparation of STA's consolidated financial statements, without issuance of PSE's financial statements.

Title Deeds of Land and Aerial Photo of Land with Constructions



Map of Location of Asset



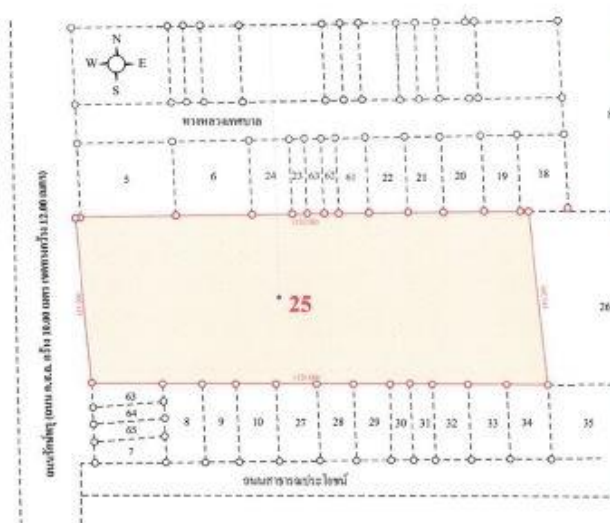
Source: Property appraisal report prepared by First Star Consultant Co., Ltd., No. 63-FSCR-GR-209 dated October 29, 2020

- A plot of land of 3-1-38.2 rai with a warehouse, staff house, and other constructions

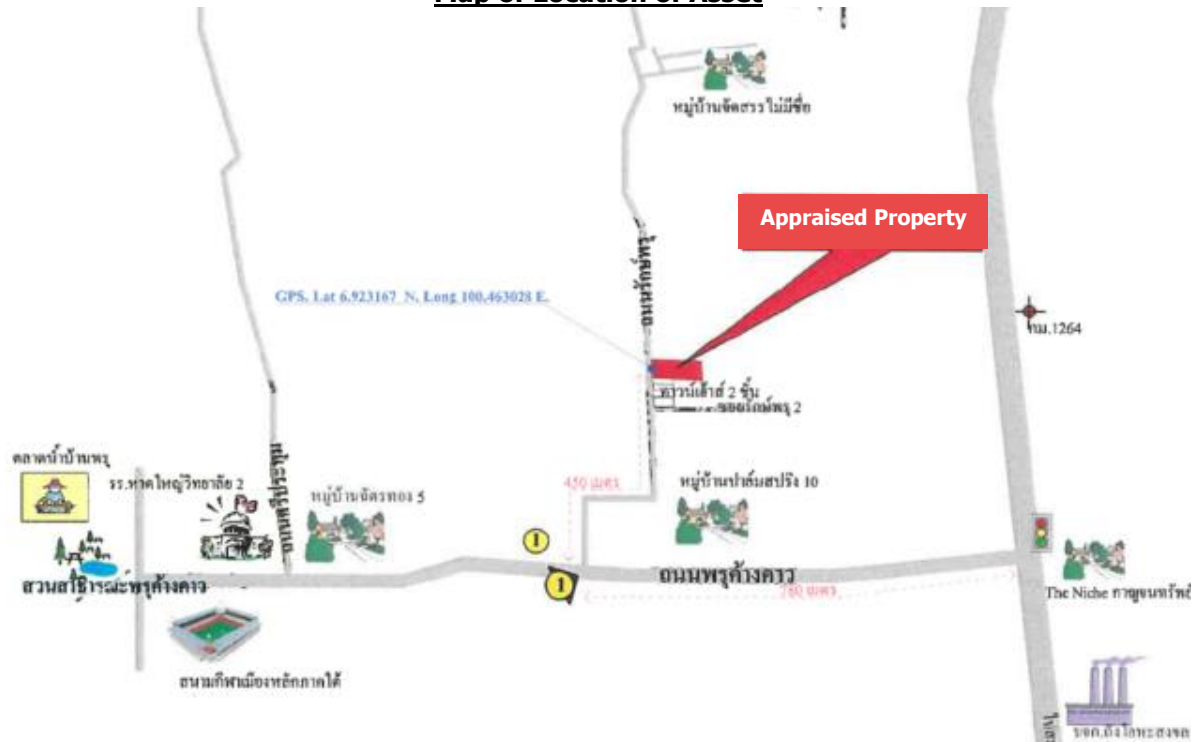
Summary of Land with Constructions of PSE	
Location	No. 133 Rak Phru Road (off Phru Khang Khao Road and Kanjanavanich Road), Ban Phru Sub-district, Hat Yai District, Songkhla Province – Prominent places nearby: Southern Main City Stadium, Hatyaiwittayalai 2 School, and Ban Phru Municipality fresh market
GPS location	Lat: 6.923167 / Long: 100.463028
Land area	One land plot of 3-1-38.2 rai under title deed No. 233002, parcel No. 25, dealing file No. 24923
Land characteristics	The land is almost in rectangular shape, located next to Rak Phru Road with a frontage of approximately 43 meters (road width: 10 meters; right of way width: 12 meters; 2 traffic lanes), and is at the same level as the road.
Details of constructions	Warehouse, staff house, and other buildings, totaling 12 items, with a total useable area of 4,927.25 square meters
Owner of land and constructions	Premier System Engineering Co., Ltd.
Encumbrances of land with constructions	None
Laws affecting the assets	None
Appraisal price of land with constructions	On October 29, 2020, First Star Consultant Co., Ltd. appraised value of land by using the Market Comparison Approach and appraised value of constructions by using the Depreciated Replacement Cost. The appraisal was prepared for public purposes. Total value of land with constructions is equal to Baht 27.93 million..

Source: Property appraisal report prepared by First Star Consultant Co., Ltd., No. 63-FSCR-GR-210 dated October 29, 2020

Title Deeds of Land and Aerial Photo of Land with Constructions



Map of Location of Asset



Source: Property appraisal report prepared by First Star Consultant Co., Ltd., No. 63-FSCR-GR-210 dated October 29, 2020

- First Star Consultant Company Limited appraised value of Machines and equipment used in the production lines, based on the cost method, at Baht 156.45 million. The appraisal was conducted on September 29, 2020.

5) Total Value of Assets Being Acquired, Payment of Consideration, and Basis for Calculation of Total Value of Assets and Value of Consideration

Total value of assets being acquired

Total value of the assets being acquired is approximately Baht 1,120.00 million, comprising 499,996 ordinary shares in PSE with par value of Baht 100 per share.

Payment of consideration

The Company will pay for the price of PSE shares of Baht 1,120.00 million fully in cash or money transfer to the sellers, whereby the sellers will deliver the share transfer certificates to the Company on the same day.

Basis for calculation of total value of assets and value of consideration

The Company will acquire the ordinary shares in PSE, with book value as of September 30, 2020 equal to Baht 556.98 million. Basis for the determination of the purchase price is from negotiation between the seller and the buyer. The Company considered such purchase price based on value derived from the Discounted Cash Flow method which is considered as the appropriate share valuation method, as presented by Optasia Capital Co., Ltd., a financial advisor. Summary of such valuation is as follows:

- Value of PSE shares is at Baht 865 – 1,255 million or equivalent to Baht 1,731 – 2,509 per share
- WACC is in the range of 10.83% - 11.81% per annum
- Projection period is 8 years and 3 months (from October 1, 2020 – December 2028)

Such valuation method takes into account the potential and the profitability of the business in the future, based on important assumptions regarding past performance, projection of business growth in machine installation and construction of rubber glove factory to be commissioned by the Company, as well as provision of other services, such as repair and maintenance of machinery. Revenue of PSE stems mostly from the Company.

6) Calculation of Transaction Size

Asset acquisition transaction

Criteria for calculation of transaction size	Calculation Formula	Transaction Size
1. Net tangible assets criteria (NTA)	= (Baht 538.00 million ^{1/} * 99.9992%) / Baht 24,533.28 million ^{2/} Remark: When combining the transaction size of Transaction 1 and Transaction 2 according to NTA criteria, transaction size is equal to 2.58%, whereby the sizes of Transaction 1 and Transaction 2 are 2.19% and 0.39%, respectively.	2.19%
2. Net profit criteria	= (Baht 7.85 million * 99.9992%) / Baht 6,061.63 million Remark: When combining the transaction size of Transaction 1 and Transaction 2 according to net profit criteria, transaction size is equal to 0.13%, whereby the size of Transaction 1 is 0.13%. The size of Transaction 2 is in calculable as PS generated net loss during the last 4 quarters.	0.13%
3. Total value of consideration criteria	= Baht 1,120.00 million / Baht 32,881.43 million ^{3/} Remark: When combining the transaction size of Transaction 1 and Transaction 2 according to total value of consideration criteria, transaction size is equal to 3.86%, whereby the sizes of Transaction 1 and Transaction 2 are 3.41% and 0.45%, respectively.	3.41%
4. Total value of securities criteria	Not applicable because there is no issuance of new securities	-
Maximum criteria: total value of consideration (Transaction 1)		3.41%
Highest transaction size of Transaction 1 and Transaction 2 based on total value of consideration criteria		3.86%
Highest transaction size of all 2 transactions, including transactions during the past 6 months		4.35%

Source:

- 1/ Net tangible assets of PSE = Total assets of Baht 1,020.41 million – Rights of use of assets of Baht 2.98 million - Net intangible assets of Baht 7.31 million – Deferred tax assets of Baht 8.69 million - Total liabilities of Baht 463.43 million, based on the unaudited financial statements of PSE for the 9-month period ended September 30, 2020.
- 2/ Net tangible assets of the Company = Total assets of Baht 32,881.43 million – Rights of use of assets of Baht 38.41 million - Net intangible assets of Baht 55.86 million – Goodwill of Baht 220.88 million - Deferred tax assets of Baht 132.91 million - Total liabilities of Baht 7,900.09 million, based on the reviewed consolidated financial statements of the Company for the 9-month period ended September 30, 2020.
- 3/ Total assets of the Company according to the reviewed consolidated financial statements as at September 30, 2020.

Connected transaction

Criteria for calculation of transaction size	Calculation Formula	Transaction Size
Net tangible assets (NTA) criteria	= Baht 1,120.00 million / Baht 24,533.28 million ^{1/}	4.57%
Connected transaction size (Transaction 1)		4.57%
Total transaction size of 4 connected transactions (Transaction 1: 4.57% + Transaction 2: 0.60% + Transaction 3: 0.28% + Transaction 4: 0.72%)		6.17%
Total transaction size of 4 connected transactions, including transactions during the past 6 months		9.15%

Source:

- 1/ Please refer to source No. 2/ in the above table.

7) Agreements Related to the Entering into Transactions

Summary of draft share sale and purchase agreement of PSE's shares is presented in Attachment 3 of this report.

Transaction 2: Purchase of Ordinary Shares of Sadao P.S. Rubber Co., Ltd. (PS) in order to Acquire Land for Construction of a New Latex Glove Production Facility of the Company in Sadao District, Songkhla Province (Acquisition of PS Shares)

1) Date of the Transaction

The Company will sign the sale and purchase agreement of ordinary shares of PS with STA after it has obtained approval for the entering into this transaction from the EGM No. 1/2020 of the Company, which will be convened on December 25, 2020. The Company expects that the Acquisition of PS Shares will be completed by January 2021.

2) Contract Parties and Relationship with the Company

Assets being acquired	:	399,994 ordinary shares of Sadao P.S. Rubber Co., Ltd. (PS) with par value of Baht 100 per share, representing 99.9985% of total issued and paid-up shares of PS
Buyer	:	Sri Trang Gloves (Thailand) PCL. (the Company or STGT)
Sellers	:	Sri Trang Agro-Industry PCL. (STA) as the seller of 399,994 shares in PS or 99.9985%
Relationship between buyer and sellers	:	STA is a major shareholder of the Company, holding directly and indirectly (including RBL) 56.18% of total issued and paid-up shares of the Company. ^{1/} STA and the Company also have mutual directors, namely Mr. Viyavood Sincharoenkul, Mr. Kitichai Sincharoenkul, and Mr. Veerasith Sincharoenkul, thus being considered the connected persons of the Company under the Notifications on Connected Transactions.

Remark:

1/ Information regarding shareholding in the Company as of August 31, 2020 is derived from closing of the Company's share registration book (XO) provided by The Thailand Securities Depository Co., Ltd. List of shareholders who are eligible to attend the Extraordinary General Meeting of Shareholders ("EGM") No. 1/2020 will be from closing of the Company's share registration book (XM) on November 30, 2020.

3) General Characteristics of the Transaction

The Company will develop the Sadao Branch Capacity Expansion Project by purchasing 399,994 ordinary shares of PS with par value of Baht 100 per share, representing 99.9985% of total issued and paid-up shares of PS, from STA who is a connected person of the Company. The Company will pay the purchase price of such shares fully in cash or money transfer.

PS is the owner of 3 adjacent plots of vacant land with a total area of 89-2-94 rai in Sadao Sub-district, Sadao District, Songkhla Province. The land is located in the BOI-designated Special Economic Zone and, hence, is entitled to greater tax incentives than those granted to general promotion areas. By acquiring PS shares, the Company will have control over PS and can use its land for construction of a new latex glove production facility. At present, PS has ceased its operation and the seller intends to sell ordinary shares of PS to the Company in order to save transaction cost rather than having PS sell the land directly to the Company, and at the same time the Company wishes to save expenses on land ownership transfer. The Company and STA Group estimated expenses and tax saving at Baht 29.09 million (including corporate income tax, specific business tax, and transfer fee). On the other hand, STA incurs no additional tax expenses in case of the sale and purchase of PS shares since it can deduct profit from the disposition of investment from retained loss.

After the entering into this transaction, PS is still the owner of lands and maintain its entity status for at least 3 – 5 years but shall not operate any business. The Company shall rent lands owned by PS in order to construct Latex Glove Factory Sadao 1 Branch. The Company shall consequently consider the business operation of PS by taking into account expenses, business opportunity, and effects that may incur in its decision making.

The Company plans to construct on such already improved land a new latex glove production facility, located in Sadao District, Songkhla Province ("Latex Glove Factory Sadao 1 Branch") with an installed capacity of about 2,903 million pieces per year (including both powder-free natural latex gloves and nitrile gloves), which is part of the "Sadao Branch Capacity Expansion Project" that has a combined installed capacity of approximately 10,161 million pieces per year, in accordance with the Company's business expansion plan as revealed in the IPO Prospectus of the Company. After the acquisition of shares in PS in January 2021, the company will commence construction of Latex Glove Factory Sadao 1 Branch in early 2021 and expect to be able to start commercial operation by 2022.

The Company shall invest in the construction of Glove Factory Sadao 1 Branch in order to save time and expenses relating to application of relevant medical licenses concerning the manufacturing and distribution of latex gloves in foreign countries.

4) Details of the Acquired Asset

The Company will acquire the entire 399,994 shares of PS with par value of Baht 100 per share from the existing shareholder, representing 99.9985% of total issued and paid-up shares of PS, at a total value of Baht 147.00 million. By doing so, the Company will acquire land to be used for construction of Latex Glove Factory Sadao 1 Branch with a total land area of 89-2-94 rai.

Details of the assets are as follows:

4.1) Company Profile and Significant Assets of Sadao P.S. Rubber Co., Ltd.

Sadao P.S. Rubber Co., Ltd. (PS) was established on February 23, 1990 with the objective to produce and distribute ribbed smoked sheets. As at September 30, 2020, PS had registered and paid-up capital of Baht 40 million, divided into 400,000 ordinary shares with par value of Baht 100 per share. *(Please find details of PS in Attachment 2 of this report)*

The significant assets of PS as shown in its financial statements are property, plant and equipment. Book value of such assets, according to the audited financial statements for the 12-month period ended December 31, 2019 and the unaudited financial statements for the 9-month period ended September 30, 2020,¹³ was equal to Baht 146.34 million and Baht 85.70 million respectively.

PS has emptied the land of all constructions and equipment and has improved and filled such vacant land to the same level as the road so that the land would be ready for handover to the Company for further construction of Latex Glove Factory Sadao 1 Branch. The land and land improvement were appraised by an SEC-approved independent appraiser at Baht 143.58 million. Details of the significant assets of PS can be summarized as follows:

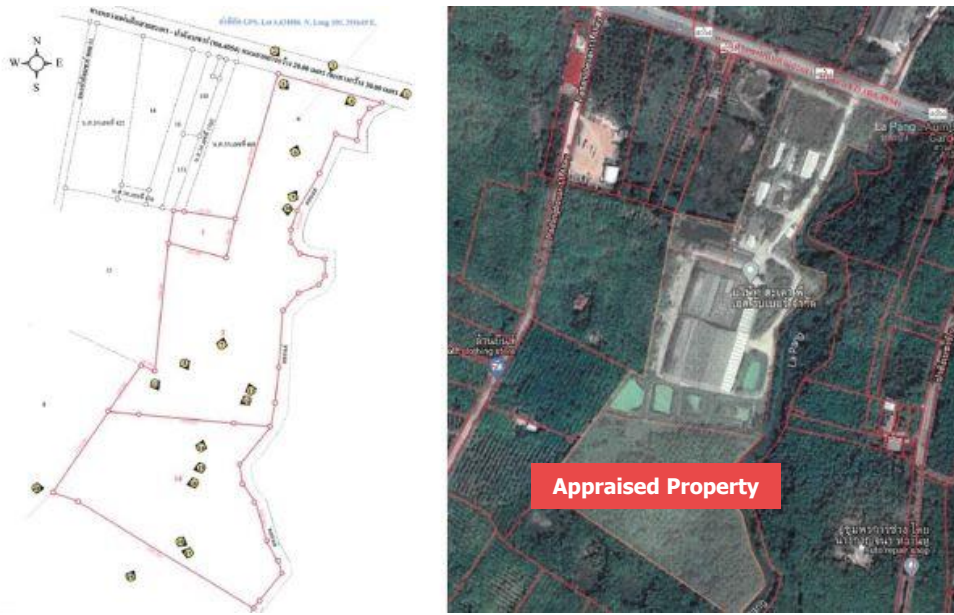
- 3 adjacent plots of vacant land with a total area of 89-2-94 rai

Summary of Land of PS	
Location	Sadao – Padang Besar Road (Highway No. 4054), Sadao Sub-district, Sadao District, Songkhla Province – Prominent places nearby: Sadao Hospital, Sadao Aquatic Animals Quarantine Station, Sadao City Municipality Office, and Padang Besar Customs House
GPS location	Lat: 6.634886 / Long: 100.391649
Land area	3 adjacent plots of vacant land with a total area of 89-2-94 rai under following title deeds: - Title deed No. 24269, parcel No. 14, dealing file No. 6114, with an area of 34-2-82 rai - Title deed No. 24303, parcel No. 2, dealing file No. 6113, with an area of 51-3-50 rai - Title deed No. 24738, parcel No. 1, dealing file No. 6112, with an area of 3-0-62 rai
Land characteristics	The land is in polygonal shape, located next to Sadao – Padang Besar Road (Highway No. 4054) with a frontage of approximately 172 meters (road width: 20 meters; right of way width: 30 meters; 4 traffic lanes), and is at the same level as the road.
Encumbrances of land with constructions	None
Laws affecting the assets	None
Appraisal price	First Star Consultant Co., Ltd. appraised the land for public purposes, using the Market Comparison Approach, at Baht 143.58 million on October 29, 2020.

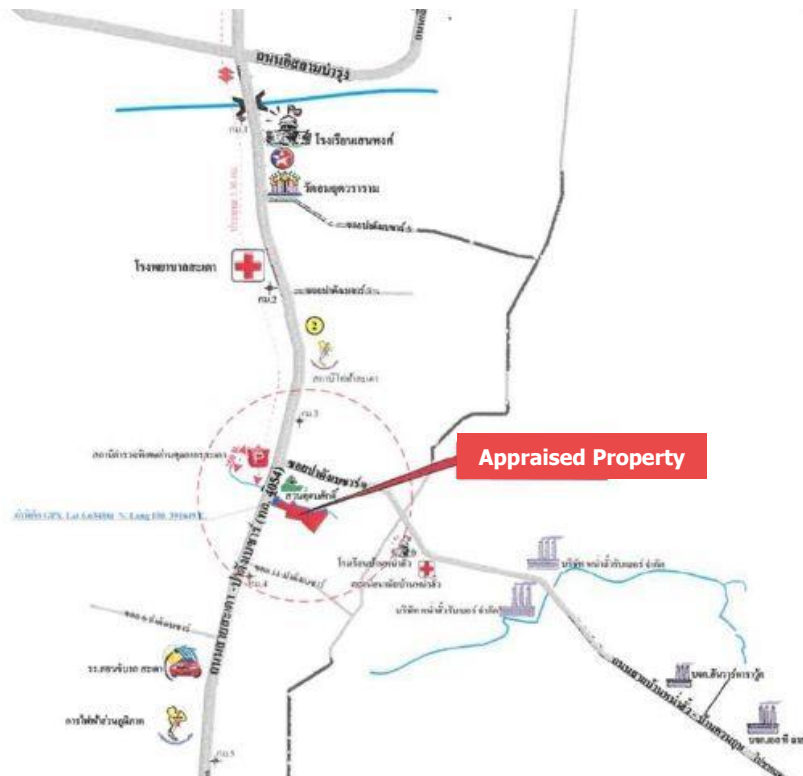
Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-145 dated October 29, 2020

¹³ Unaudited but limited reviewed by STA's auditor for preparation of STA's consolidated financial statements, without issuance of PS's financial statements.

Title Deeds of Land and Aerial Photo of Land with Constructions



Map of Location of Asset



Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-145 dated October 29, 2020

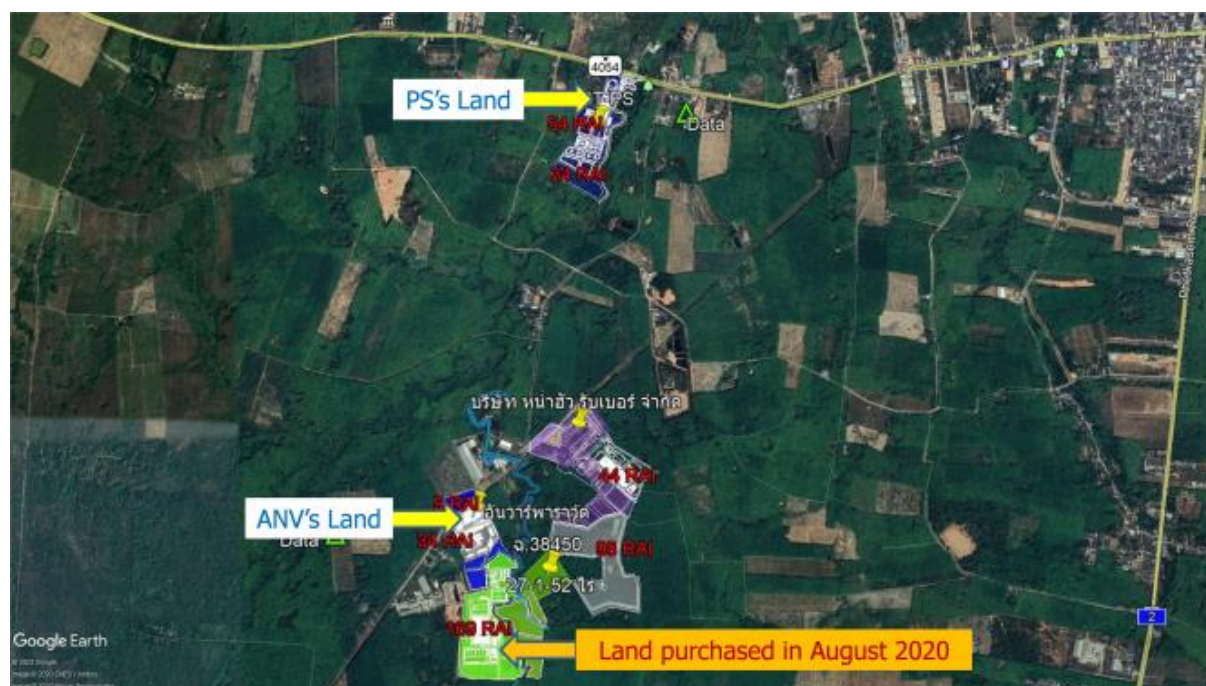
4.2) Operational Plan for the Sadao Branch Capacity Expansion Project

The Sadao Branch Capacity Expansion Project aims to increase the Company's production capacity of latex gloves. The project was approved by the Board of Directors' meeting No. 3/2020 of the Company on May 7, 2020, and is already disclosed under the future project section in the IPO Prospectus of the Company.

The Company will construct 2 new production facilities: (1) Latex Glove Factory Sadao 1 Branch on the land of PS with 8 production lines, and (2) Latex Glove Factory Sadao 2 Branch on the land owned by the Company with a total area of 205-3-47.5 rai,¹⁴ which will be connected with the land of ANV (Transaction 3), having 20 production lines, the details of which are as tabulated below:

Summary of Sadao Branch Capacity Expansion Project		
	Latex Glove Factory Sadao 1 Branch (Transaction 2)	Latex Glove Factory Sadao 2 Branch
Investment cost	Approx. Baht 1,793 million Consisting of land cost, construction cost, machinery cost and other expenses	Approx. Baht 4,182 million
No. of production lines	8	20
Types of gloves produced	Powder-free natural latex gloves	Powder-free natural latex gloves and nitrile gloves
Installed capacity	Approx. 2,903 million pieces/year Totaling approx. 10,161 million pieces/year	Approx. 7,258 million pieces/year
Technical capacity	Approx. 2,700 million pieces/year Totaling approx. 9,450 million pieces/year	Approx. 6,750 million pieces/year
Project timeline	Early 2021 – 2022 • Start of construction: Early 2021 • COD: 2022	Early 2021 – 2024 • Start of construction: Early 2021 • COD for 5 production lines: 2022 • COD for all production lines: 2023
Promotional privileges for Sadao area which is a BOI-designated Special Economic Zone	Exemption from corporate income tax for 8 years and other incentives that are greater than those granted to other latex glove production areas on BOI General List, including a 10-year double deduction from cost of electricity	

Aerial Photo of Land of PS (Sadao 1 Branch Project), Land of ANV, and Land of Sadao 2 Branch Project (Acquired in August 2020) which are in a Nearby Area



¹⁴ The Board of Directors' meeting No. 5/2020 of the Company held on August 25, 2020 resolved to approve the purchase of a large plot of land with adjacent areas totaling 205-3-47.5 rai for use as a location of a latex glove production facility (Latex Glove Factory Sadao Branch 2) under the Sadao Branch Capacity Expansion Project as already disclosed in the IPO Prospectus of the Company. (Please refer to the Information Memorandum on Connected Transactions dated August 25, 2020 and September 8, 2020).

The capacity expansion project of the Sadao 2 Factory is not proposed for an approval at this shareholders' meeting.

5) Total Value of Assets Being Acquired, Payment of Consideration, and Basis for Calculation of Total Value of Assets and Value of Consideration

Total value of assets being acquired

Total value of the assets being acquired is approximately Baht 147.00 million, comprising 399,994 ordinary shares in PS with par value of Baht 100 per share.

Payment of consideration

The Company will pay for the price of PS shares of Baht 147.00 million fully in cash or money transfer to the sellers, whereby the sellers will deliver the share transfer certificates to the Company on the same day.

The investment in construction of Latex Glove Factory Sadao 1 Branch (excluding land cost) of approximately Baht 1,646 million will be paid in cash and in tranches as actually incurred.

Basis for calculation of total value of assets and value of consideration

The Company will acquire the ordinary shares in PS with book value as of September 30, 2020 equal to Baht 95.78 million.

The total value of consideration is determined based on the adjusted book value method is at Baht 146.99 million (adjusted the appraised assets by the Independent Property Appraiser and movement of transactions in the balance sheets up to November 10, 2020 in order to reflect financial position of core assets of PS, land and land improvement, prior to the entering into the transactions). The appraised value of PS's land is equal to Baht 143.58 million according to details provided in Part 1, Transaction 2, Clause 4.1) of this report.

6) Calculation of Transaction Size

Asset acquisition transaction

Criteria for Calculation of Transaction Size	Calculation Formula	Transaction Size
1. Net tangible assets criteria (NTA)	= (Baht 95.17 million ^{1/} * 99.9985%) / Baht 24,533.28 million ^{2/} <u>Remark:</u> When combining the transaction size of Transaction 1 and Transaction 2 according to NTA criteria, transaction size is equal to 2.58%, whereby the sizes of Transaction 1 and Transaction 2 are 2.19% and 0.39%, respectively.	0.39% ^{3/}
2. Net profit criteria	Not applicable because PS generated operating losses. <u>Remark:</u> When combining the transaction size of Transaction 1 and Transaction 2 according to net profit criteria, transaction size is equal to 0.13%, whereby the size of Transaction 1 is 0.13%. The size of Transaction 2 is in calculable as PS generated net loss during the last 4 quarters.	-
3. Total value of consideration criteria	= Baht 147.00 million / Baht 32,881.43 million ^{4/} <u>Remark:</u> When combining the transaction size of Transaction 1 and Transaction 2 according to total value of consideration criteria, transaction size is equal to 3.86%, whereby the sizes of Transaction 1 and Transaction 2 are 3.41% and 0.45%, respectively.	0.45%
4. Total value of securities criteria	Not applicable because there is no issuance of new securities	-
Maximum criteria: total value of consideration (Transaction 2)		0.45%
Total highest transaction size of Transaction 1 and Transaction 2 based on total value of consideration criteria		3.86%
Total highest transaction size of 2 transactions, including transactions during the past 6 months		4.35%

Source:

- 1/ Net tangible assets of PS = Total assets of Baht 109.35 million – Rights of use of assets of Baht 0.12 million - Net intangible assets of Baht 0.09 million – Deferred tax assets of Baht 0.40 million - Total liabilities of Baht 13.57 million, based on the unaudited financial statements of PS for the 9-month period ended September 30, 2020.
- 2/ Net tangible assets of the Company = Total assets of Baht 32,881.43 million – Rights of use of assets of Baht 38.41 million - Net intangible assets of Baht 55.86 million – Goodwill of Baht 220.88 million - Deferred tax assets of Baht 132.91 million - Total liabilities of Baht 7,900.09 million, based on the reviewed consolidated financial statements of the Company for the 9-month period ended September 30, 2020.
- 3/ In case the calculation is based on PS's adjusted financial statements as of November 10, 2020, the transaction size based on the net tangible assets criteria is equal to (135.23 million baht * 99.9985%) / 24,533.28 million baht = 0.55%.
PS's net tangible assets = Total assets of Baht 168.77 million – Deferred tax assets of Baht 11.76 million – Total liabilities of Baht 21.78 million, based on PS's internal financial statements ended November 10, 2020.
- 4/ Total assets of the Company according to the reviewed consolidated financial statements as at September 30, 2020.

Connected transaction

Criteria for Calculation of Transaction Size	Calculation Formula	Transaction Size
Net tangible assets (NTA) criteria	= Baht 147.00 million / Baht 24,533.28 million ^{1/}	0.60%
Connected transaction size (Transaction 2)		0.60%
Total transaction size of 4 connected transactions (Transaction 1: 4.57% + Transaction 2: 0.60% + Transaction 3: 0.28% + Transaction 4: 0.72%)		6.17%
Total transaction size of 4 connected transactions, including transactions during the past 6 months		9.15%

Source:

1/ Please refer to source No. 2/ in the previous table.

7) Agreements Related to the Entering into the Transaction

Summary of draft share sale and purchase agreement of PS's shares is presented in Attachment 3 of this report.

Transaction 3: Purchase of Land with Constructions of Anvar Parawood Co., Ltd. (ANV) for Use as Part of the Sadao Branch Capacity Expansion Project in Sadao District, Songkhla Province (Acquisition of Land with Constructions from ANV)

1) Date of the Transaction

The Company will sign the sale and purchase agreement on land of ANV after it has obtained approval for the entering into this transaction from the EGM No. 1/2020 of the Company, which will be convened on December 25, 2020. The Company expects that the Acquisition of Land with Constructions from ANV will be completed by January 2021.

2) Contract Parties and Relationship with the Company

Assets being acquired	:	Land with constructions of Anvar Parawood Co., Ltd. (ANV)
Buyer	:	Sri Trang Gloves (Thailand) PCL. (the Company or STGT)
Sellers	:	Anvar Parawood Co., Ltd. (ANV)
Relationship between buyer and seller	:	STA is a major shareholder of ANV, holding 99.94% of total issued and paid-up shares of ANV, and also a major shareholder of the Company, holding directly and indirectly 56.18% of total issued and paid-up shares of the Company. ^{1/} STA and the Company have mutual directors, namely Mr. Viyavood Sincharoenkul, Mr. Kitichai Sincharoenkul, and Mr. Veerasith Sincharoenkul, thus being considered the connected person of the Company under the Notifications on Connected Transactions.

Remark:

1/ Information regarding shareholding in the Company as of August 31, 2020 is derived from closing of the Company's share registration book (XO) provided by The Thailand Securities Depository Co., Ltd. List of shareholders who are eligible to attend the Extraordinary General Meeting of Shareholders ("EGM") No. 1/2020 will be from closing of the Company's share registration book (XM) on November 30, 2020.

3) General Characteristics of the Transaction

The Company will utilize land with constructions of ANV as a repair and maintenance center and a staff house for Latex Glove Factory Sadao 1 Branch which will be constructed on land in Transaction 2 and Latex Glove Factory Sadao 2 Branch which will be constructed on land owned by the Company and adjacent to ANV's land. It will start the modification of the existing constructions after entering into the Acquisition of Land from ANV, which is scheduled in January 2021, and expects to complete around 2022.

4) Details of the Acquired Asset

The Company will acquire 3 adjacent plots of land with a total area of 34-1-0.70 rai together with 5 constructions, located in Samnak Kham Sub-district, Sadao District, Songkhla Province, at a total sale and purchase price of Baht 69.21 million from Anvar Parawood Co., Ltd. (ANV), the details of which are as follows:

4.1) Significant Assets of Anvar Parawood Co., Ltd.

The assets to be acquired comprises of land and 5 construction items, which were appraised by an SEC-approved independent appraiser at Baht 69.21 million, the details of which are as follows:

- 3 adjacent plots of land with a total area of 34-1-0.70 rai together with a factory and office building, a staff house, a workers quarter, and other constructions, which is adjacent to land owned by the Company with an area of 205-3-47.5 rai and approximately 3 - 4 kilometers away from the land of PS under Transaction 2.

Summary of Land with Constructions of ANV	
Location	No. 101 Moo 3 Ban Nam Hua Road borderwards, Samnak Kham Sub-district, Sadao District, Songkhla Province – Approximately 2.75 kilometers from the junction of Sadao – Padang Besar Road (Highway No. 4054) and Padang Besar Soi 9 Road – Prominent places nearby: Sadao Hospital, Sadao District Civic Center, Sadao City Municipality Office, and Padang Besar Customs House
GPS location	Lat: 6.612344 / Long: 100.383806
Land area	3 adjacent plots of land with a total area of 34-1-0.70 rai under following title deeds: - Title deed No. 38592, parcel No. 78, dealing file No. 3192, with an area of 19-3-94.6 rai - Title deed No. 38593, parcel No. 77, dealing file No. 3193, with an area of 10-1-4.3 rai - Title deed No. 38594, parcel No. 76, dealing file No. 3194, with an area of 4-0-1.8 rai
Land characteristics	The land is in polygonal shape, located next to Ban Nam Hua – Ban Khuan Kun Road with a frontage of approximately 214 meters (road width: 7 meters; right of way width: 20 meters; 2 traffic lanes), and is at the same level as the road.

Details of constructions	A 2-storey factory and office building and other constructions, totaling 5 buildings with a total useable area of 21,986.75 square meters, including a 2-storey factory and office building, a 2-storey staff house, a canteen, 3 units of workers quarters (totaling 60 rooms), and other constructions.
Owner of land and constructions	Anvar Parawood Co., Ltd.
Encumbrances of land	Land plot under title deed No. 38592 is free of mortgage. Land plots under title deeds No. 38593 and 38594 are mortgaged as collateral with a financial institution.
Laws affecting the assets	None
Appraised value of land with constructions	October 29, 2020, First Star Consultant Co., Ltd. appraised the value of land by using the Market Comparison Approach and appraised value of constructions by using the Depreciated Replacement Cost Approach. The appraisal was conducted for public purpose. The appraised value of land with constructions is at a total of Baht 69.21 million (Baht 23.98 million for land and Baht 45.23 million for constructions).

Source: Property appraisal report prepared by First Star Consultant Co., Ltd., No. 63-FSCR-GR-157.1 dated October 29, 2020

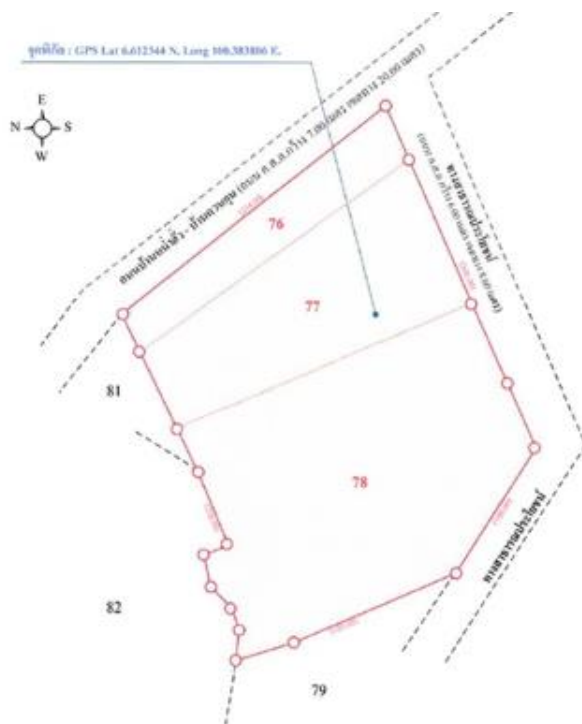
4.2) Plan for Development of ANV Land as Part of the Sadao Branch Capacity Expansion Project

The Company will develop the Sadao Branch Capacity Expansion Project as described in Part 1, Transaction 2, Clause 4.2), of this report. Therefore, it has managed land for Latex Glove Factory Sadao 1 Branch and Latex Glove Factory Sadao 2 Branch to be used as the production lines, which will create the utmost benefit to the Company, and will utilize the land with constructions of ANV under Transaction 3 as a supporting unit for Latex Glove Factory Sadao 1 Branch and Latex Glove Factory Sadao 2 Branch, as follows:

- Modification of the existing factory and office building of ANV into a repair and maintenance center; and
- Modification of the staff house and workers quarters of ANV into residences for personnel and workers.

There may be an additional modification to such constructions as appropriate according to the use of asset in the future. The above modification should require an estimated budget of Baht 40 - 50 million and is expected to be completed by 2022.

Land Title Deeds and Aerial Photo of Land with Constructions



Map of Location of Asset



Source: Property appraisal report prepared by First Star Consultant Co., Ltd., No. 63-FSCR-GR-157.1 dated October 29, 2020

5) Total Value of Assets Being Acquired, Payment of Consideration, and Basis for Calculation of Total Value of Assets and Value of Consideration

Total value of assets being acquired

Total value of the assets being acquired is approximately Baht 69.21 million, comprising of land with constructions of ANV as described earlier.

Payment of consideration

The Company will pay the consideration for the land with constructions of ANV of Baht 69.21 million to ANV fully in cash or money transfer on the date of land ownership transfer, whereby the buyer and the seller agree to be jointly responsible for the transfer fee, stamp duty and other transfer-related taxes on a 50:50 basis.

The investment in improvement of the areas of approximately Baht 40 - 50 million will be paid in cash and in tranches as actually incurred.

Basis for calculation of total value of assets and value of consideration

The value of consideration based on the Market Comparison Approach for land and the Depreciated Replacement Cost Approach for constructions, according to the property appraisal report, is equal to Baht 69.21 million. Such value consisted of value of land of Baht 23.98 million and value of constructions of Baht 45.23 million according to details provided in Part 1, Transaction 3, Clause 4.1) of this report.

6) Calculation of Transaction Size

Connected transaction

Criteria for Calculation of Transaction Size	Calculation Formula	Transaction Size
Net tangible assets (NTA) criteria	= Baht 69.21 million / Baht 24,533.28 million ^{1/}	0.28%
Connected transaction size (Transaction 3)		0.28%
Total transaction size of 4 connected transactions (Transaction 1: 4.57% + Transaction 2: 0.60% + Transaction 3: 0.28% + Transaction 4: 0.72%)		6.17%
Total transaction size of 4 connected transactions, including transactions during the past 6 months		9.15%

Remark:

- 1/ Net tangible assets of the Company = Total assets of Baht 32,881.43 million – Rights of use of assets of Baht 38.41 million - Net intangible assets of Baht 55.86 million – Goodwill of Baht 220.88 million - Deferred tax assets of Baht 132.91 million - Total liabilities of Baht 7,900.09 million, based on the reviewed consolidated financial statements of the Company for the 9-month period ended September 30, 2020.

In this regard, the investment for capacity expansion of Sadao Branch Factory and Chumphon Branch Factory (Transaction 3 and 4, respectively) is not considered as an acquisition of assets pursuant to the Notifications on Acquisition or Disposition of Assets as it is approved by the Board of Directors' meeting No. 3/2020 on May 7, 2020, which took place prior to the effective date of the registration statement for securities offering and the IPO Prospectus of the Company, by which such information has been disclosed in the said prospectus.

7) Agreements Related to the Entering into the Transaction

Summary of draft of to sale and to purchase agreement on ANV's land is presented in Attachment 3 of this report.

Transaction 4: Purchase of Land with Constructions of Sri Trang Agro-Industry PCL. (STA) for Construction of a New Latex Glove Production Facility of the Company in Pathio District, Chumphon Province (Acquisition of Land with constructions from STA)

1) Date of the Transaction

The Company will sign the sale and purchase agreement on land of STA after it has obtained approval for the entering into this transaction from the EGM No. 1/2020 of the Company, which will be convened on December 25, 2020. The Company expects that the Acquisition of Land with Constructions from STA will be completed by January 2021.

2) Contract Parties and Relationship with the Company

Assets being acquired	:	Land with constructions of Sri Trang Agro-Industry PCL. (STA)
Buyer	:	Sri Trang Gloves (Thailand) PCL. (the Company or STGT)
Sellers	:	Sri Trang Agro-Industry PCL. (STA)
Relationship between buyer and sellers	:	STA is a major shareholder of the Company, holding directly and indirectly (including RBL) 56.18% of total issued and paid-up shares of the Company. ^{1/} STA and the Company also have mutual directors, namely Mr. Viyavood Sincharoenkul, Mr. Kitichai Sincharoenkul, and Mr. Veerasith Sincharoenkul, thus being considered the connected persons of the Company under the Notifications on Connected Transactions.

Remark:

1/ Information regarding shareholding in the Company as of August 31, 2020 is derived from closing of the Company's share registration book (XO) provided by The Thailand Securities Depository Co., Ltd. List of shareholders who are eligible to attend the Extraordinary General Meeting of Shareholders ("EGM") No. 1/2020 will be from closing of the Company's share registration book (XM) on November 30, 2020.

3) General Characteristics of the Transaction

The Company will develop the Chumphon Branch Capacity Expansion Project by purchasing land with constructions with a total area of 334-0-6.2 rai, located in Khao Chairat Sub-district, Pathio District, Chumphon Province, from STA which is a connected person of the Company for construction of a new latex glove production facility. The Company will pay the purchase price of such land with constructions fully in cash or money transfer.

The Company plans to construct a new latex glove production facility on such land located in Pathio District, Chumphon Province ("Latex Glove Factory Chumphon Branch"), having 28 production lines with total installed capacity of approximately 10,161 million pieces per year (including both powder-free natural latex gloves and nitrile gloves) in accordance with the Company's business expansion plan which was disclosed under future project section, "Chumphon Branch Capacity Expansion Project," in the IPO Prospectus of the Company. After the acquisition of land from STA, the Company will commence construction of Latex Glove Factory Chumphon Branch within January 2021 and plans to launch partial commercial operation in 2021 and fully operate all production lines around 2023.

4) Details of the Acquired Asset

The Company will acquire 12 adjacent plots of land (plots being divided by public streams and a public way) with a total area of 334-0-6.2 rai together with 5 constructions, located in Khao Chairat Sub-district, Pathio District, Chumphon Province, at a total sale and purchase price of Baht 177,470,000, from Sri Trang Agro-Industry PCL. (STA), the details of which are as follows:

4.1) Significant Assets of Sri Trang Agro-Industry PCL.

The assets to be acquired include land with 5 constructions, which were appraised by an SEC-approved independent appraiser at Baht 177.47 million, the details of which are as follows:

- Property Group 1 comprises of 10 plots of land (adjacent plots divided by public streams) with a total area of 283-2-82.2 rai together with buildings and other constructions
- Property Group 2 comprises of 2 adjacent plots of land with a total area of 50-1-24 rai

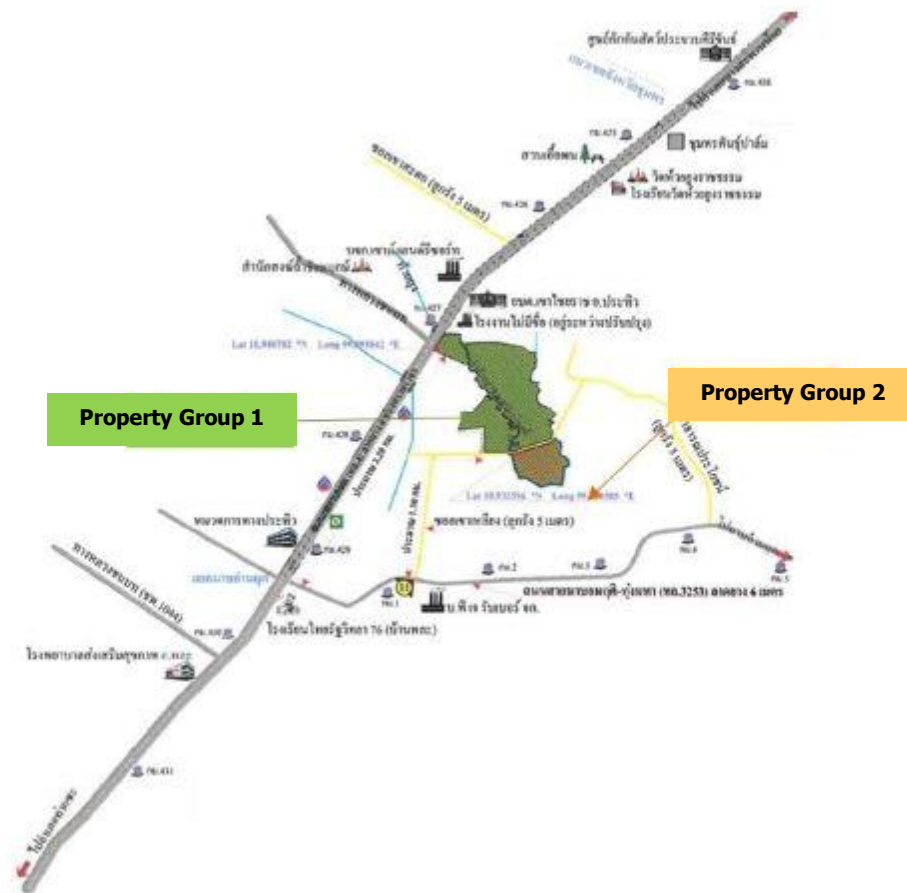
Summary of Land with Constructions of STA	
Location	<p><u>Property Group 1</u> No. 88/1 Phet Kasem Road (Highway No. 4, Km 427-428), Khao Chairat Sub-district, Pathio District, Chumphon Province</p> <p><u>Property Group 2</u> Khao Chairat Sub-district, Pathio District, Chumphon Province - Property Groups 1 and 2 are divided by a public way. Prominent places nearby: Khao Chairat Sub-district Administrative Organization, Huai Yung Ratchatham Temple, Tham Chaiyaphruk Khiriwan Monastic Residence, and Thairath Witthaya 76 School (Ban Phala)</p>
GPS location	<p><u>Property Group 1</u> Lat: 10.940782 / Long: 99.295842</p> <p><u>Property Group 2</u> Lat: 10.932556 / Long: 99.301505</p>
Land area	<p><u>Property Group 1</u> 10 plots of land (divided by public streams) with a total area of 283-2-82.2 rai with details as follows:</p> <ul style="list-style-type: none"> - Title deed No. 26271, parcel No. 95, dealing file No. 2945, with an area of 26-3-28.1 rai - Title deed No. 26352, parcel No. 96, dealing file No. 2946, with an area of 11-1-46.4 rai - Title deed No. 26334, parcel No. 97, dealing file No. 2947, with an area of 18-1-38.1 rai - Title deed No. 26335, parcel No.98, dealing file No. 2948, with an area of 23-0-74.6 rai - Title deed No. 16321, parcel No.122, dealing file No. 2968, with an area of 47-3-62 rai - Title deed No. 27384, parcel No. 123, dealing file No. 2969, with an area of 40-3-48 rai - Title deed No. 26773, parcel No. 124, dealing file No. 2970, with an area of 38-2-69 rai - Title deed No. 26774, parcel No. 125, dealing file No. 2971, with an area of 33-1-81 rai - Title deed No. 27385, parcel No. 126, dealing file No. 2972, with an area of 28-3-68 rai - Title deed No. 26775, parcel No. 127, dealing file No. 2973, with an area of 158-0-67 rai <p><u>Property Group 2</u> 2 adjacent plots of vacant land with a total area of 50-1-24 rai with details as follows:</p> <ul style="list-style-type: none"> - Title deed No. 26776, parcel No. 128, dealing file No. 2974, with an area of 22-2-68 rai - Title deed No. 27386, parcel No. 129, dealing file No. 2977, with an area of 27-2-56 rai
Land characteristics	<p><u>Property Group 1</u> The land is in polygonal shape, located next to Phet Kasem Road (Highway No. 4) with a frontage of approximately 160 meters (road width: 16 meters; right of way width: 60 meters; 4 traffic lanes), and also next to a public way with a frontage of approximately 376 meters and 500 meters and a public stream. Part of the land is a palm plantation. The land is not filled and is almost at the same level as the road.</p> <p><u>Property Group 2</u> The land is in polygonal shape, located next to a public way with a frontage of approximately 340 meters. The land is a palm plantation, not filled, and is almost at the same level as the road.</p>
Details of constructions	<p><u>Property Group 1</u> A rubber scrap storage building and other constructions, totaling 5 items, with a total useable area of 2,205.2 square meters.</p> <p>The Company shall demolish buildings and constructions and adjust the area in order to construct latex glove manufacturing facility as well as waste water treatment pond, woodchip storage area, and staff houses according to the construction standard of the Company.</p>
Owner of land and constructions	Sri Trang Agro-Industry PCL.
Encumbrances of land	None
Laws affecting the assets	<ul style="list-style-type: none"> - Pursuant to Chumphon Town Planning Notification, STA's assets are located in Zone No. 2.1: Green Area/Rural and Agricultural Category. The Company already received confirmation letter for the use of land from the Office of Public Works and Town Planning, Chumphon Province, that such area can be used for construction of latex glove manufacturing facility. The Company shall also apply for BOI investment privileges. - The assets are located in the non-permanent forest area as designated under the Notification on Cabinet Resolutions B.E. 2504. However, it has been found from inspection of the register that a NorSor 3 Kor title document was issued in 1987 and the land had been possessed and utilized since 1947 - 1951, which was prior to the non-permanent forest notification, thus posing no impact on the assets.
Appraisal price of land with constructions	On October 7, 2020, First Star Consultant Co., Ltd. Appraised value of land by using the Market Comparable Approach and appraised value of constructions by using the Depreciated Replacement Cost Approach. The appraisal was conducted for public purpose. Appraisal value of assets is at a total of Baht 177.47 million (Baht 174.51 million for land and Baht 2.96 million for constructions).

Source: Property appraisal report prepared by First Star Consultant Co., Ltd., No. 63-FSCR-GR-216 dated October 29, 2020

Land Title Deeds and Aerial Photo of Land with Constructions



Map of Location of Asset



Source: Property appraisal report prepared by First Star Consultant Co., Ltd., No. 63-FSCR-GR-216 dated October 29, 2020

4.2) Operational Plan for the Chumphon Branch Capacity Expansion Project

The Chumphon Branch Capacity Expansion Project aims to increase the Company's production capacity of latex gloves. The project was approved by the Board of Directors' meeting No. 3/2020 of the Company on May 7, 2020. The Company has already disclosed such information under the future project section in the IPO Prospectus of the Company.

The Company will construct a new production facility, Chumphon Branch Factory, on the land of STA (Transaction 4) with 28 production lines, the details of which are as follows:

Summary of Latex Glove Factory Chumphon Branch	
Investment cost	Approximately Baht 5,849 million, consisting of land cost, construction cost, machinery cost and other expenses
No. of production lines	28
Types of gloves produced	Powder-free natural latex gloves and nitrile gloves
Installed capacity	Approximately 10,161 million pieces/year
Technical capacity	Approximately 9,449 million pieces/year
Project timeline	Early 2021 - 2023 <ul style="list-style-type: none"> • Start of construction: Early 2021 • COD for 2 production lines and 18 production lines: 2021 and 2022 respectively • COD for all production lines: Around 2023
BOI's promotional privileges	Latex glove business is eligible for BOI's promotion.

5) Total Value of Acquired Asset, Payment of Consideration, and Criteria for Determining Value of Acquired Assets and Value of Consideration

Total value of acquired asset

Total value of the assets being acquired is approximately Baht 177.47 million, comprising of land with constructions of STA as described earlier.

Payment of consideration

The Company will pay for the consideration for the land with constructions of Baht 177.47 million to STA fully in cash or money transfer on the date of land ownership transfer, whereby the buyer and the seller agree to be jointly responsible for the transfer fee, stamp duty and other transfer-related taxes on a 50:50 basis.

The investment in development of the Chumphon Branch Capacity Expansion Project (excluding land cost) of approximately Baht 5,671 million will be paid in cash and in tranches as actually incurred.

Criteria for determining value of acquired asset and consideration

The value of consideration based on the Market Comparison Approach for land and the Depreciated Replacement Cost Approach for constructions, according to the property appraisal report, is equal to Baht 177.47 million. Such value consisted of value of land of Baht 174.51 million and value of constructions of Baht 2.96 million according to details provided in Part 1, Transaction 4, Clause 4.1) of this report.

6) Calculation of Transaction Size

Connected transaction

Criteria for Calculation of Transaction size	Calculation Formula	Transaction Size
Net tangible assets (NTA) criteria	= Baht 177.47 million / Baht 24,533.28 million ^{1/}	0.72%
Connected transaction size (Transaction 4)		0.72%
Total transaction size of 4 connected transactions (Transaction 1: 4.57% + Transaction 2: 0.60% + Transaction 3: 0.28% + Transaction 4: 0.72%)		6.17%
Total transaction size of 4 connected transactions, including transactions during the past 6 months		9.15%

Remark:

1/ Net tangible assets of the Company = Total assets of Baht 32,881.43 million – Rights of use of assets of Baht 38.41 million - Net intangible assets of Baht 55.86 million – Goodwill of Baht 220.88 million - Deferred tax assets of Baht 132.91 million - Total liabilities of Baht 7,900.09 million, based on the reviewed consolidated financial statements of the Company for the 9-month period ended September 30, 2020.

7) Agreements Related to the Entering into the Transaction

Summary of draft of to sale and to purchase agreement on STA's land is presented in Attachment 3 of this report.

1.2 Sources of Funds for 4 Transactions

The Company will use its internal capital to pay for the consideration for the Acquisition of PSE Shares (Transaction 1) of Baht 1,120.00 million, and will use the remaining proceeds from the IPO of its newly issued shares to pay for the consideration for the Acquisition of PS Shares, the Acquisition of Land with Constructions from ANV, and the Acquisition of Land with Constructions from STA (Transactions 2 – 4) with a total investment cost of Baht 393.68 million.

As of September 30, 2020, the company had total cash balance of Baht 16,295 million. The Company expects that the said payment of consideration will not affect its liquidity and working capital as it has adequate cash and cash flow from operation.

1.3 Conditions on the Entering into the 4 Transactions

The Company will enter into the asset acquisition and connected transactions after obtaining approval from the EGM No. 1/2020, to be convened on December 25, 2020, with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and are eligible to vote, excluding votes of the shareholders with conflict of interest.

1.4 Connected Persons and/or shareholders with Conflict of Interest Who Are Not Entitled to Vote

List of the connected persons and/or shareholders with conflict of interest who are not entitled to vote on Agenda 1 - 4 Re: "Consideration and approval of the transactions deemed as asset acquisition and connected transactions of the Company" under Transactions 1 – 4 at the EGM No. 1/2020, to be convened on December 25, 2020, is provided in Clause 10 of the Information Memorandum on Asset Acquisition and Connected Transactions of the Company, Account 2 (Enclosure No. 1) attached to the notice of the shareholders' meeting.

2. Information of Premier System Engineering Company Limited which is the Asset to be Acquired

Please refer to Attachment 1 of this report.

3. Information of Sadao P.S. Rubber Company Limited Company Limited which is the Asset to be Acquired

Please refer to Attachment 2 of this report.

4. Summary of Agreements Concerning the Transactions

Please refer to Attachment 3 of this report.

Part 2: Opinion of the Independent Financial Advisor on Reasonableness of the Asset Acquisition and Connected Transactions

The IFA has determined reasonableness of the entering into the transactions based on the following key factors:

1. Objectives and Necessity of the Transactions

1.1 Background

STGT is STA Group's flagship company engaging in production and distribution of latex gloves by using the major raw material, concentrated latex, that is procured from STA and its subsidiaries.

As one of the leading producers and distributors of rubber gloves in Thailand and the world¹⁵, the Company plans to invest in its capacity expansion to respond to the rising market demand and the ongoing growth in global latex glove industry.

The Company has a strategy to focus on expansion of production capacity and development of natural latex glove (NR) products, while maintaining an appropriate proportion of nitrile glove (NBR) production capacity. The Company has some competitive advantages over its major rivals, including (a) cost advantage gained from its strategic location in the important rubber plantation area of Thailand and the region, leading to a lower cost of concentrated latex than that of its competitors; (b) strong competitive advantage in natural latex glove products, considering that other major latex glove producers in the region have concentrated mainly on capacity expansion and development of nitrile gloves, whereas the Company continuously expand and develop its capacity in natural latex gloves production while maintain an appropriate proportion of nitrile glove production capacity; and (c) the advantage of having a major shareholder who is a leader in upstream and midstream businesses related to natural rubber products, thus enabling the Company to participate in research and development of concentrated latex formula to derive a wide variety of quality latex that fits with new products while also receiving information on market and price trends. Another strategy is that the Company has designed flexible production lines that can switch between powder-free natural latex glove and nitrile glove manufacturing so as to meet the diverse demand from its customers worldwide.

The Company has continuously increased its installed capacity, from 15,130 million pieces per year in 2015 to 27,153 million pieces per year in 2019 and 32,619 million pieces per year as at September 30, 2020, representing an average annual growth rate of 19.8% between 2015 and September 2020. The Company has set a target to boost its installed capacity of rubber gloves to more than 50,000 million pieces per year by 2024, more than 70,000 million pieces per year by 2026, and at least 100,000 million pieces per year by 2032 through investment in capacity expansion at its existing production facilities or at other new factory locations, as well as through merger or acquisition of other businesses in a bid to achieve solid and stable business growth.

The Company plans to invest in and develop 4 capacity expansion projects during 2020 - 2023, which were already disclosed as future projects in the IPO Prospectus of the Company, as follows:

Project	No. of Production Lines	Installed Capacity	Investment Budget (incl. land)	Project Duration	Remark
1. Surat Thani Branch Capacity Expansion Project <i>Project model:</i> Expansion of existing factory	18	6,169 million pieces/year	Baht 3,372 million	2020 - 2022	PSE has been employed to produce and install machines for Surat Thani Branch 2 and Surat Thani Branch 3.
2. Sadao Branch Capacity Expansion Project <i>Project model:</i> Construction of 2 new factories	<u>Sadao 1 Branch Factory</u> 8 <u>Sadao 2 Branch Factory</u> 20	2,903 million pieces/year 7,258 million pieces/year	Baht 1,793 million Baht 4,182 million	2021 - 2026	<ul style="list-style-type: none"> Transaction 2: Construction of Sadao 1 Branch Factory Transaction 3: A supporting unit for Sadao 1 Branch Factory and Sadao 2 Branch Factory

¹⁵ Compared with installed capacity of top 5 rubber gloves producers in global market, which are Top Glove Corporation Bhd., Hartalega Holdings Bhd., Supermax Corporation Bhd., Kossan Rubber Industries Bhd., and the Company (Source: the IPO Prospectus of the Company)

Project	No. of Production Lines	Installed Capacity	Investment Budget (incl. land)	Project Duration	Remark
3. Trang Branch Capacity Expansion Project <i>Project model:</i> Expansion of existing factory and construction of a new factory	24	8,709 million pieces/year	Baht 5,020 million	2022 - 2026	-
4. Chumphon Branch Capacity Expansion Project <i>Project model:</i> Construction of a new factory	28	10,161 million pieces/year	Baht 5,849 million	2021 - 2023	Transaction 4
Total	98	35,199 million pieces/year	Baht 20,215 million		

Remark:

- Estimated technical capacity is at 32,735 million pieces per year. Utilization rate of the Company in 2017 – 2019 was at 90.3%, 89.9%, and 88.6% respectively. Thus, the Company needs to expand its production capacity in order to respond to continuously rising demand of latex glove in global market.
- In addition to the above 4 projects, the Company plans to increase another 120 production lines during 2023 - 2028 with a total installed capacity of approximately 43,546 million pieces per year. When combined with such 4 projects, it will have a total of 218 production lines with a total installed capacity of 78,745 million pieces per year.

Future Projects According to the IPO Prospectus of the Company



1.2 Reasons for and Necessity of the Entering into Transactions 1 - 4

Acquisition of PSE Shares (Transaction 1)

This will be a restructuring within STA Group to enable the Company to promptly and easily employ a contractor for construction, designing and installation of machines and equipment at a lower cost, while reducing the number and volume of connected transactions between the Company and STA in the future.

Core business of PSE is the provision of engineering service including design, fabrication, installation of machines, and maintenance service to latex glove production facilities of the Company and STA Group. PSE provides a turnkey service for fabrication and installation of latex glove manufacturing machines together with equipment system as well as maintenance service for all 3 factories of the Company. At present, PSE is in the process of machine fabrication and installation for Surat Thani 2 Branch Capacity Expansion Project and Surat Thani 3 Branch Capacity Expansion Project.

Acquisition of PS Shares, Acquisition of Land with Constructions from ANV, and Acquisition of Land with Constructions from STA (Transactions 2 - 4)

Land acquisition is the initial phase of the Company's capacity expansion project. The Company considered the acquisition of PS shares instead of the acquisition of land because PS has currently discontinued its business operation and intends to sell its shares to the Company, which can help save cost of sale and purchase when compared with selling land directly to the Company. The Company and STA wish to save expenses on land ownership transfer as well. The Company and STA Group estimated expenses and tax saving at Baht 29.09 million (including corporate income tax, specific business tax,

and transfer fee). On the other hand, STA incurs no additional tax expenses in case of the sale and purchase of PS shares since it can deduct profit from the disposition of investment from retained loss.

In order to achieve the above business operation target and strategic plan and restructure STA Group to be more appropriate, eliminate a hindrance to the business process, and facilitate the continuous capacity expansion of STGT, the Board of Directors' meeting No. 6/2020 of the Company, held on November 13, 2020, accordingly resolved to propose the shareholders' meeting to consider and approve the asset acquisition and connected transactions described above

The Independent Financial Advisor has analyzed advantages, benefits, disadvantages, and risks relating to such asset acquisition and connected transactions as follows:

2. Comparison of Advantages and Disadvantages of the Transactions

Transaction 1: Purchase of Ordinary Shares of Premier System Engineering Co., Ltd. (PSE) in order to Acquire the Core Business of PSE (Acquisition of PSE Shares)

2.1 Advantages and Benefits of Transaction 1

(1) STA Group will be restructured to facilitate the implementation of the capacity expansion plan and business operation strategy of the Company.

Currently, PSE is a subsidiary of STA, thus, employment of PSE is considered as connected transaction and is required to comply with the Notifications on Connected Transaction. Since the Company plans to further expand its latex glove production capacity in a huge amount and needs to continuously use PSE's services in construction, design, installation of machines and equipment, supervision of work, and maintenance of machines. During the past 3 years, PSE generated revenue primarily from provision of service to the Company especially for capacity expansion projects of the Company.

After considering characteristics and scope of service of PSE, PSE should be in latex gloves production business and under the Company instead of being a subsidiary of STA. STA Group restructuring shall facilitate the implementation of the capacity expansion plan and business operation strategy of the Company to ensure greater flexibility and efficiency, and to keep all confidential information on technical knowhow, machinery used, and production process of latex gloves within the Company instead of STA. Currently, STA holds 99.9992% of registered and paid-up capital of PSE while STA holds directly and indirectly 56.18% of registered and paid-up capital of the Company. After the entering into the transactions, information of PSE shall be under management of the Company, reducing the risk of leak of information which is out of control of the Company such as the reduction of STA's shareholding in the Company in the future and/or the holding of STA shares by other business partners.

Thus, the entering into Transaction 1 shall support core business of the Company and create added value for the Company in the long term.

(2) The number and volume of connected transactions of the Company will be reduced and its reliance on STA will be minimized to a certain extent.

The Company plans to continuously increase its latex glove production capacity through both construction of new production facilities and capacity expansion at its existing factories, from the current installed capacity of 32,619 million pieces per year (145 production lines) by another 78,745 million pieces per year (218 production lines) to 111,364 million pieces per year by 2028, which exceeds the target specified in the IPO Prospectus of the Company. This leads to the need to employ PSE for installation of machines and equipment for latex glove manufacturing under the said capacity expansion plan.

In August 2020, the Company has engaged PSE to provide the installation service for its Surat Thani 2 and 3 Factory with 18 production lines and a total installed capacity of 6,169 million pieces per year. Such engagement of PSE is also considered as connected transaction.

The Company expects to engage PSE for another 10 projects with approximately 200 production lines and a total installed capacity of 72,576 million pieces per year during 2020 - 2028. Each employment of PSE will constitute a connected transaction, as is the case of the Acquisition of PSE Shares (Transaction 1) because it will be entered into with the Company's major shareholder, STA.¹⁶

¹⁶ STA holds, directly and indirectly, 56.18% of total issued and paid-up shares of the Company and also holds 99.9992% of total issued and paid-up shares of PSE.

Therefore, the entering into the Acquisition of PSE Shares (Transaction 1) shall reduce number and volume of connected transaction of the Company in the future.

Apart from the engagement of PSE (a subsidiary of STA) in fabrication and installation of machines used in latex gloves production and maintenance of production lines, the Company has to rely on STA Group in various aspects such as product delivery, lease of office space, and office and information service. Thus, the entering into the Acquisition of PSE Shares shall reduce the reliance on STA Group.

(3) Process and time for employment of PSE to undertake new factory construction and production line installation shall be reduced in the future.

As described in (2) above, the employment of PSE (a subsidiary of STA) will constitute a transaction entered into with a connected person pursuant to the Notifications on Connected Transaction. The value of contract with PSE under the capacity expansion plan of the Company in each project is expected to be deemed a large transaction size, whereby the Company will be required to appoint an independent financial advisor to provide opinion to its shareholders and also to seek approval for entering into such transaction from its shareholders' meeting prior to the employment of PSE.

The arrangement of shareholders' meeting and appointment of an independent financial advisor will take at least 2-3 months. This will result in the delay in the development of capacity expansion plan of the Company, hence, leading to competitive disadvantages and extra costs incurred from shareholders' meeting arrangement such as meeting expenses, transportation cost, printing cost of the notice to shareholders' meeting, expenses relating to the closing of share register book, and independent financial advisory fee.

Therefore, the entering into the Acquisition of PSE Shares (Transaction 1) will help to reduce process and time for employment of PSE to undertake new factory construction and production line installation in the future. The transaction will accordingly change from transaction entered into with the connected person to transaction with the Company's subsidiary, hence, the Company and the subsidiary will have to simply obtain their respective internal approval, leading to rapidity and flexibility in the operation and capacity expansion of the Company and helping to reduce a loss of business opportunity and maintain the Company's competitiveness.

(4) The Company will acquire assets that can promptly generate revenue and have low amount of financial liabilities.

PSE has consistently generated income and profit from its operation and incurred financial liabilities only from borrowing from RBL in an amount of Baht 80 million in 2020, which is due for repayment by the end of December 2020, without any other financial obligations with any other financial institutions or creditors. As such, after entering into Transaction 1, the Company will acquire the assets that can promptly generate income and has a low amount of financial liabilities, and will accordingly receive a favorable return on investment. Moreover, the Company can use such assets as collateral for any additional loans it may require in the future.

(5) Revenue and profit of PSE will be instantly recognized in the Company's consolidated financial statements, thus, seemingly helping to indirectly reduce cost of new project development of the Company.

After completion of the Acquisition of PSE Shares, the Company will recognize revenue and profit of PSE, which is previously recorded in consolidated financial statement of STA, immediately in its consolidated financial statements.

The recognition of profit of PSE, therefore, is deem as indirect reduction in the Company's cost of project development.

(6) PSE has profoundly knowledgeable, skillful, and experienced personnel who has long been well acquainted with the Company and share similar corporate culture, thus enabling the Company to uninterruptedly manage PSE.

PSE has knowledgeable, skillful, and experienced personnel in design, fabrication, and installation of machines and production lines and maintenance of machines for latex glove production with more than 26 years of experience.

PSE was established to support capacity expansion of STA Group and the Company's latex glove business. As a result, PSE has, up to the present, taken part in designing, fabricating, and installing machines and equipment for the Company's latex glove production, as well as providing machinery modification and maintenance services to the Company. PSE has also implemented plans for continuous

development of production technology and knowhow in collaboration with the Company, which has enhanced technological efficiency, minimized defect in the production process, and ensured consistent product quality and speedy glove production which the Company believes to be one of the fastest in this industry.

The Company's management and working team have knowledge and understanding of the business and working process of PSE, whereas PSE understands the Company's demand and competition. Besides, both PSE and the Company are members of STA Group and therefore have a similar corporate culture, thus allowing for the Company to uninterruptedly manage PSE's business.

(7) PSE's head office is close to the Company's headquarter.

PSE's head office and factory, including R&D unit, are located on Kanjanavanich Road, Hat Yai District, Songkhla Province, only approximately 7 kilometers from the Company's headquarter, thus making their coordination easy, fast and convenient.

2.2 Disadvantages and Risks of the Transaction 1

(1) It is an investment in the company whose growth may be limited since PSE provides services solely to STA Group.

PSE was established to provide a fully integrated engineering service, including designing, fabrication, production, and installation of machines for manufacturing rubber bars and concentrated latex to STA and machines for latex glove business of the Company. It earns revenue primarily from providing a turnkey service for fabrication and installation of latex glove manufacturing machines together with equipment system to the Company, whereas income from calibration service provided to outsiders constitutes only about 1% of its total revenues.

Thus, the Acquisition of PSE Shares is considered an investment in which the Company may face with limited growth since PSE focuses on provision of service to STA Group only unless there is a change in policy that allow PSE to provide service to the outsiders in the future.

(2) It is an investment in the company which provides services of design, fabrication, and installation of machines in a specific field only, and does not have diverse skill or experience in other industries.

Throughout the past 26 years of its operation, PSE has had a team of staff who are skillful in engineering services, ranging from fabrication and installation of equipment parts, spare parts of industrial machines and assembly lines to modification and maintenance of machines, both mechanical and electrical, mainly on a turnkey basis and with a focus on production lines for rubber sheets, concentrated latex, and latex gloves. Thus, PSE may have a limited skill to tap into other industries and use knowledge and capability to build on the business or may have to take a certain period of time to gather experience in other industries.

The Acquisition of PSE Shares is accordingly an investment in the company which provides construction, designing, and installation services in a specific field only, and does not have diverse skill or experience in other industries.

(3) Investment in PSE shares is considered as non-diversified investment since PSE's performance hinges mainly on growth and capacity expansion of the Company.

As evident from PSE's revenue structure in the past 3 years and first 9 months of 2020, 98% - 99% of its revenues were derived from production, installation, and maintenance of machines and cleaning of equipment in production lines for the Company, while the rest came from the calibration service provided to outsiders. Revenue growth of PSE shall depend on capacity growth of the Company. In case that the Company expands its production capacity at lower rate, revenue of PSE shall be lower accordingly.

Investment in PSE whose performance growth hinges mainly on growth and capacity expansion of the Company is then considered as non-diversified investment from current risk factor (having similar rubber glove market risk exposure to the Company).

(4) Risk associated with past tax burden of PSE

Since the asset being acquired under Transaction 1 is shares in PSE, the Company may incur risk relating to past tax burden and/or unrealized liabilities outside financial statements of PSE. In order

to lower such risk, the Company has appointed its team and financial advisor to conduct financial, tax, and legal due diligence report of PSE.

In addition, in the draft share sale and purchase agreement, the seller of PSE shares has given its representation and warranties and specified that it has no penalty, fine, or interest payable to the Revenue Department, the Thai Custom, or other public entities, and is not in the tax audit process of the Revenue Department, and there is no material change in list of assets and liabilities since November 10, 2020 except for the normal course of business.

Transactions 2 - 4: Acquisition of PS Shares, Acquisition of Land with Constructions from ANV, and Acquisition of Land with Constructions from STA

2.3 Advantages and Benefits of Transactions 2 - 4

(1) The Company will be able to implement its capacity expansion plan under the future projects disclosed in the IPO Prospectus of the Company, which can create value added for the Company in the long term.

The assets to be acquired under Transactions 2 - 4 will be utilized in future projects according to the business and capacity expansion plan disclosed in the IPO Prospectus of the Company. The Company will use the 3 plots of land as follows:

Transaction	Area/Location	Purpose of Use
Transaction 2: Vacant land of PS, already improved	A total area of 89-2-94 rai, located on Sadao – Padang Besar Road (Highway No. 4054), Sadao Sub-district, Sadao District, Songkhla Province	Location of Latex Glove Factory Sadao 1 Branch with 8 production lines and a total installed capacity of approximately 2,903 million pieces/year, together with a waste water treatment pond and a storage area for woodchip to be used as fuel in accordance with the Company's latex glove factory construction standard
Transaction 3: Land with constructions of ANV	A total area of 34-1-70 rai, located on Ban Nam Hua Road borderwards, Samnak Kham Sub-district, Sadao District, Songkhla Province (close to the land of PS and next to the land owned by the Company where its Latex Glove Factory Sadao 2 Branch will be located)	Location of repair and maintenance center and staff house/workers quarters for the Sadao Branch Capacity Expansion Project, which consists of Latex Glove Factory Sadao 1 Branch and Latex Glove Factory Sadao 2 Branch
Transaction 4: Land with constructions of STA	A total area of 334-0-6.2 rai, located on Phet Kasem Road, Khao Chairat Sub-district, Pathio District, Chumphon Province	Location of Latex Glove Factory Chumphon Branch with 28 production lines and a total installed capacity of approximately 10,161 million pieces/year, together with a waste water treatment pond, a storage area for woodchip to be used as fuel, staff house and workers quarters in accordance with the Company's latex glove factory construction standard.

As at the end of October 2020, the Company's installed capacity at its existing factories and those under construction is as follows:

Factory	Products	No. of Production Lines	Installed Capacity (Million Pieces/Year)
(1) Existing factories			
Hat Yai Factory	Powdered and powder-free natural latex gloves and nitrile gloves	100	17,041
Surat Thani Factory	Powder-free natural latex gloves and nitrile gloves	21	5,625
Trang Factory	Powdered natural latex gloves	24	9,953
Total (1)		145	32,619
(2) Factories under construction/capacity expansion			
Surat Thani 2 Factory	Powder-free natural latex gloves and nitrile gloves	7	2,177
Surat Thani 3 Factory	Powder-free natural latex gloves and nitrile gloves	11	3,992
Total (2)		18	6,169
(3) Land already purchased and under preparation for construction			
Sadao 2 Branch Factory	Powder-free natural latex gloves and nitrile gloves	20	7,258
Total (3)		20	7,258
(4) Transactions 2 – 4 to be proposed for approval from this shareholders' meeting			
Sadao 1 Branch Factory (Transaction 2) + repair and maintenance center	Powder-free natural latex gloves	8	2,903

Factory	Products	No. of Production Lines	Installed Capacity (Million Pieces/Year)
and staff house/workers quarters (Transaction 3)			
Chumphon Branch Factory (Transaction 4)	Powder-free natural latex gloves and nitrile gloves	28	10,161
	Total (4)	36	13,064
	Grand total (1) - (4)	219	59,110

Source: STGT

After entering into Transaction 2 and Transaction 4, the Company's installed capacity will increase by approximately 13,064 million pieces per year, with the commercial operating date (COD) expected in 2021 onwards.

Therefore, the capacity expansion under Transactions 2 – 4 will enable the Company to receive higher return on investment in the 2 factories, which can create added value for the Company in the long term.

(2) The Company will acquire large pieces of land in prime and potential locations suitable for establishing its new production facilities (Transactions 2 and 4) and also acquire a plot of land next to its own land which can be used to support the operation of its factories (Transaction 3).

The land with constructions to be acquired under 3 transactions (Transactions 2 - 4) are in prime and potential locations suitable for establishing new latex glove factories, which will continuously bring in revenues for the Company and can be used to support the operation of its factories. The strengths of each plot of land which suits the Company's needs are as follows:

(a) Land size and shape fit well with the layout of Sadao 1 Branch Factory and Chumphon Branch Factory and are sufficient for utilization. The land of PS (Transaction 2) is in rectangle-like shape with a frontage of approximately 172 meters next to the road, a width at the rear of approximately 385 meters and a length of approximately 800-900 meters. The land of STA (Transaction 4) is also in rectangle-like shape with a frontage of approximately 160 meters next to the road, a width at the rear of approximately 340 meters and a length of approximately 1,495 meters.

Land with constructions of ANV (Transaction 3) can be continuously used, consisting of a factory and office building and staff house/workers quarters with a total of approximately 60 rooms.

(b) The locations are considered prime and potential, as follows:

Transactions 2 and 4

- They are close to STA Group's factory that produces and supplies concentrated latex¹⁷ which is used as major raw material for latex glove manufacturing of the Company. Therefore, the Company has a competitive advantage over its rivals in terms of a lower cost of concentrated latex delivery and inventory because it can procure latex from STA Group using the just in time model. Besides, the Company can visit STA Group's latex quality testing lab at any time to test the quality of concentrated latex by itself according to the conditions set forth in the concentrated latex supply agreement between the Company and the supplier in STA Group, thereby ensuring adequacy of raw materials to meet the Company's demand. Such area is also close to natural latex factories and rubber plantations, which could serve as raw material reserves surrounding the Company's factories.

Transaction	Details
Land of PS (Transaction 2)	The supplier of concentrated latex is Nam Hua Rubber Co., Ltd. (NHR) whose factory is only approximately 3 kilometers from Sadao 1 Branch Factory.
Land with constructions of STA (Transaction 4)	The supplier of concentrated latex is STA whose factory is approximately 15 kilometers from Chumphon Branch Factory.

- They are close to the source of major fuel, woodchip, used in the production process of the Company. The Company has signed long-term woodchip supply agreement with ANV to procure woodchip for all of its production facilities.

- They are close to natural water resources. Latex glove production consumes a huge amount of water which is derived from public water supply, artesian wells, and natural water resources

¹⁷ Concentrated latex is produced by passing field latex through the concentrating process to have approximately 60% dry rubber content.

such as river, canal, and public waterway. Thus, availability of water resources is another key factor for the selection of a latex glove plant site, as follows:

Transaction	Details
Land of PS (Transaction 2)	One side of the land, approximately 800-900 meters long, is next to Le Canal.
Land with constructions of STA (Transaction 4)	There is approximately 2,268-meter long public waterway passing a side of the land.

- They are next to 4-lane main roads accessible by large trucks, as follows:

Transaction	Details
Land of PS (Transaction 2)	The land, approximately 172 meters long, is next to Sadao – Padang Besar Road (Highway 4054 running to Padang Besar Checkpoint into Malaysia), which is a 4-lane road with road width of 20 meters and right of way width of 30 meters.
Land with constructions of STA (Transaction 4)	The land, approximately 160 meters long, is next to Phet Kasem Road (Highway 4), which is a 4-lane road with road width of 16 meters and right of way width of 360 meters.

- The land of PS (Transaction 2) is approximately 8.20 kilometers from Padang Besar Customs House which is at the border of Malaysia, thus facilitating transportation via International Penang Port to the destinations on the Andaman Coast, enabling the Company to save its product transport cost and time required for customs clearance at Songkhla Port.¹⁸

- The land of PS (Transaction 2) is located in Sadao District which is in the BOI-designated Special Economic Zone and, hence, is entitled to greater tax incentives than those granted to general promotion areas. Such promotional privileges include a 10-year double deduction from cost of electricity, which, as estimated by the Company, will result in tax saving of approximately Baht 98 million, together with other usual incentives such as exemption from corporate income tax for 8 years and exemption from import duty on machinery.

Transaction 3

- It is next to land owned by the Company with a total area of 205-3-47.5 rai which the Company will use for establishing its Latex Glove Factory Sadao 2 Branch, and is approximately 3 - 4 kilometers from the land in Transaction 2.

Therefore, the entering into Transaction 2 and Transaction 4 will enable the Company to acquire large pieces of land in prime and potential locations suitable for establishing its new production facilities because the land size fits well with layout of the production lines. Moreover, they are in prime and potential locations that lead to a lower cost of concentrated latex delivery and inventory when compared with those of the competitors, and also help to reduce product transport cost and delivery time coupled with additional promotional privileges from BOI, thereby generating favorable returns for the Company's group. Meanwhile, under Transaction 3, the Company will acquire a large plot of land next to its own land which can be used to support the operation of its factories under the Sadao Branch Capacity Expansion Project.

(3) Competitiveness of the Sadao Branch Capacity Expansion Project and of the Company in the long term shall be enhanced and economies of scale shall be created.

Construction of Sadao 1 Branch Factory with 8 production lines, which is a part of the Sadao Branch Capacity Expansion Project that has 28 production lines and a total installed capacity of approximately 10,161 million pieces per year (including Sadao 2 Branch Factory), will help to enhance competitiveness of the Sadao Branch Capacity Expansion Project and also of the Company in the long term.

In addition, the establishment of Sadao 1 Branch Factory and Sadao 2 Branch Factory will result in the Company having large production bases that are situated in the same zone and are under the centralized factory management by its team, thus enabling the Company to benefit from economies of scale and optimize its resource management.

The repair and maintenance center and staff house/workers quarters under Transaction 3 will provide support for the Sadao Branch Capacity Expansion Project by enabling Sadao 1 Branch Factory

¹⁸ Distance from the factory to Songkhla Port is approximately 90 kilometers (vessels from the Gulf of Thailand have to travel via Singapore in order to enter Indian Ocean) while the distance to Penang Port is approximately 189 kilometers. Cost of petrol in Malaysia is cheaper than in Thailand and products can be shipped directly to Europe and America by using the Indian Ocean route.

and Sadao 2 Branch Factory to use their areas for all production lines, thus leading the entire Sadao Branch Capacity Expansion Project to become fully integrated. The competitiveness of the Company's group in the long term will also be enhanced as well as allowing for the Company to optimize the management of its new plant site.

(4) The establishment of latex glove production facilities at various locations helps to mitigate risk from natural disasters and any other risks that are beyond the Company's control/prediction.

The Company's Hat Yai Factory was once hit by the massive flood that struck Hat Yai District, Songkhla Province in 2010 and had to be shut down for approximately 12 days. Although the production lines were not damaged, the regular running of machinery was interrupted. At the time of such incident, Hat Yai Factory was the Company's only factory in operation, whereas Surat Thani Factory and Trang Factory became commercially operational in 2011 and 2016 respectively.

The establishment of new production facilities in Sadao District, Songkhla Province (Transaction 2) and in Pathio District, Chumphon Province (Transaction 4) will be a diversification of factories to various potential areas instead of concentrating them in any particular area. This will help to mitigate risk from natural disasters and any other risks that are beyond the Company's control/prediction which could interrupt the production lines. A focus will still be placed on the promising areas that are close to sources of raw material, i.e. concentrated latex (particularly the concentrated latex factories of STA Group which is the major supplier), and water resources and have sufficient fuel, i.e. woodchip, convenient transportation, and others.

(5) The Company has adequate funding sources, obtained from its internal capital and the IPO, to finance the entering into Transactions 2 – 4 and the development of Sadao 1 Branch Factory and Chumphon Branch Factory.

Source of fund for the entering into Transactions 2 – 4 and the construction of Sadao 1 Branch Factory and Chumphon Branch Factory will be partly from proceeds from internal capital and the IPO. Therefore, such investment is considered as the investment in assets that will generate income for the Company in the long term and will be recorded in the Company's consolidated financial statements under "property, plant and equipment" item. Value of such item consists of the appraised value of land of PS, ANV, and STA and the total construction cost of the said two factories. Value of property, plant, and equipment (including project investment) under Transactions 2 – 4 is approximately Baht 1,793 million, Baht 197 million, and Baht 5,849 million respectively.

According to the Company's consolidated financial statements as of September 30, 2020, current assets (cash and deposits at banks only) and fixed assets (property, plant, and equipment only) amounted to Baht 16,967.45 million and Baht 9,239.91 million respectively. After the investment in Transactions 2 – 4, the Company's property, plant, and equipment will increase to approximately Baht 7,839 million, while its cash and deposits at banks will decrease by the same amount. This, however, is exclusive of the increase in assets derived from other projects that are under development and implementation.

As such, the Company shall have sufficient amount of fund available for the said investment. After entering into the 3 transactions and Sadao 1 Branch Factory and Chumphon Branch Factory have commenced commercial operation, the Company will bring in additional operating income derived from revenues from sales of goods and other related revenues, thus helping to grow its business size, cash flow, and capital base for further development of new potential projects in the future.

From the projection of the IFA, Sadao 1 Branch Factory shall begin to generate revenue in 2021 and is expected to generate revenue from sales and net profit during 10-year projection period (2021 – 2030) at approximately Baht 16,194.21 million and Baht 1,960.53 million respectively (Please find more details in Part 3, Transaction 2 of this report).

Chumphon Branch Factory shall begin to generate revenue in 2022 and is expected to generate revenue from sales and net profit during 10-year projection period (2022 – 2031) at approximately Baht 56,309.34 million and Baht 6,146.75 million respectively (Please find more details in Part 3, Transaction 4 of this report).

(6) It is an investment in projects promoted by BOI and eligible for BOI's promotion.

Sadao 1 Branch Factory already received a promotion certificate from the Board of Investment (BOI) on August 10, 2020 for medical latex glove business, Activity 3.11.2 Manufacture of Other Medical Devices (except for medical devices made of fabrics or fibers). The incentives include exemption from corporate income tax for 8 years (not exceeding value of investment which excludes land and working

capital), exemption from import duty on machinery, permit to bring foreign workers into the country. Moreover, Sadao 1 Branch Factory is located in Sadao Sub-district, Sadao District, Songkhla Province, which is designated by the BOI as Songkhla Special Economic Zone and, hence, is entitled to additional incentives which are a 10-year double deduction from costs of electricity, water supply and transport subject to the condition that, within a period of 15 years from the starting date of operation, the factory must not be relocated elsewhere, unless otherwise approved by the BOI.

Chumphon Branch Factory is also a project eligible for promotional privileges under the law on investment promotion by the BOI. It will receive the regular incentive, i.e. exemption from corporate income tax for 8 years, but since it is not located in the special economic zone, it will not be entitled to the additional privileges such as those granted to Songkhla Special Economic Zone. The consideration of the BOI for the 2 factories are similar in terms of process and criteria. The difference lies in details of promotional privileges granted in each zone.

(7) The purchase prices of PS shares, land from ANV, and land in Chumphon from STA are based on the appraised value of land and the feasibility study on such investment.

The IFA views that purchase price of PS shares reflects primarily on value of land and land improvements and purchase price of land from ANV and STA is in accordance with the appraisal value determined by the Independent Property Appraiser.

Investment of Sadao 1 Branch Factory (consists of purchase price of PS shares, cost of land of ANV, and investment capital on land of ANV) has the project's net present value (NPV) of Baht 389.15 million with an internal rate of return (IRR) of approximately 11.89% per annum, which is higher than the average discount rate, or WACC, of 9.70% per annum. Payback period is at approximately 8.71 years from the commercial operation date (COD). Thus, the IFA opines that the said investment is appropriate.

Chumphon Branch Factory has the project's net present value (NPV) of Baht 2,085.10 million with an internal rate of return (IRR) of approximately 14.09% per annum, which is higher than the average discount rate, or WACC, of 9.70% per annum. Payback period is at approximately 8.89 years from the commercial operation date (COD). Thus, the IFA opines that the said investment is appropriate. *(Please find more details in Part 3 of this report.)*

2.4 Disadvantages and Risks of Transaction 2 - 4

(1) The Company's cash and liquidity will decrease.

The total cost of investment of Transactions 2 – 4 and construction cost of Sadao 1 Branch Factory and Chumphon Branch Factory is estimated at Baht 7,839 million.

According to its consolidated financial statements as at September 30, 2020, the Company has liquid assets (cash and deposits at banks only) of Baht 16,697.45 million with a quick ratio equal to 5.71 times, which after the investment in Transactions 2 – 4 will drop to 3.50 times¹⁹, thus representing a decrease in its cash and liquidity.

(2) Risks involved with new project development and business risk

(2.1) Risk associated with all required approvals such as factory license, building construction permit, and certificate of building construction

The Company will have to apply for required approvals for construction of its latex glove production facilities and other relevant licenses, which will be time-consuming, including a category 3 factory license,²⁰ a building construction permit, etc. which are granted based on technical qualifications (such as location, environment, road, bridge and factory area), management of environment, and safety and occupational health. It must also take into account the restrictions under town planning and must comply with other conditions under notifications of the Ministry of Interior and legal provisions of other concerned authorities.

¹⁹ If include the investment in Transaction 1 of Baht 1,120 million, quick ratio shall decrease to 3.19 times.

²⁰ Refers to a factory with total power of more than 50 horsepower, employing more than 50 workers and, if it produces pollution, requiring a license before beginning the operation. It is prohibited to locate within 100 meters from public premises and must be located in an appropriate place and environment with enough area and will not cause any nuisance or damage to any people or the property of others.

Land of PS (Transaction 2)

- The Company intends to establish a latex glove production facility, which is considered as a Category 3 Factory, Item 52(4),²¹ on such land.
- The land is designated as an agricultural promotion area where no factory is allowed to be constructed pursuant to the Factory Act, except for the types of industrial factories promoted by the BOI in Songkhla Special Economic Zone. There are also other conditions under notifications of the Ministry of Interior and legal provisions of other concerned authorities that have to be complied with, for example distance from public resources or from right of way of Kanjanavanich Road and Highway 4054. However, the Company already obtained an investment promotion certificate for its factory on August 10, 2020, thus mitigating risk from failure to obtain the said license.

Land of STA (Transaction 4)

- The Company intends to establish a latex glove production facility, which is considered as a Category 3 Factory, Item 52(4), on such land.
- The land is classified in Chumphon City Plan No. 2.1 Green Zone: Rural and Agricultural Area, in which the Company already received confirmation letter for the use of land from the Office of Public Works and Town Planning, Chumphon Province, that such area can be used for construction of Category 3 Factory, Item 52(4). Thus, the Company has to apply for a factory license and investment promotion for the maximum benefit of the Company.

Therefore, the Company is still prone to risk concerned with obtaining all relevant permits such as a factory license, a building construction permit, and a certificate of building construction.

(2.2) Risk relating to a delay in factory construction and/or a delay caused by business plan revision

During factory construction and machine installation, any uncontrollable incident taking place, such as natural disaster and the COVID-19 pandemic which remains a global threat, could lead to a delay in delivery of machines and equipment. Moreover, if the government announces a lockdown in the area where the factory will be located, construction will be halted accordingly. Any revision to the Company's business plan could also delay the COD and, hence, result in a loss of opportunity for income recognition.

(2.3) Risk of cost overrun

The project development is currently at the stage of factory designing to support the production lines, with all estimated costs of construction and machines installation already concluded. However, if the actual costs deviate from the projection or the Company revises the design, wholly or partly, this could lead to project cost overrun. Albeit the construction contract being executed on a turnkey basis, due to the fact that the contractor is PSE which is one of the Company's business units after the entering into Transaction 1, the Company is still prone to risk of cost overrun.

(2.4) Risk of oversupply triggered by capacity expansion of the Company and other producers

Under the capacity expansion of Sadao 1 Branch Factory in Transaction 2 and Chumphon Branch Factory in Transaction 4 with a combined installed capacity of approximately 13,064 million pieces per year, or an increase of approximately 0.40 times of the current installed capacity, together with other future projects as disclosed in the IPO Prospectus of the Company, the Company will then have a total installed capacity of approximately 35,199 million pieces per year, equivalent to approximately 1.08 times of the current installed capacity. The utilization rate in 2017 – 2019 was at 90.3%, 89.9%, and 88.6% respectively.

Amid the global spread of COVID-19, domestic and foreign rubber glove producers have hastened to increase their production lines to respond to the dramatically growing demand. A reduction in the COVID-19 spread or successful development of a vaccine in the future may result in an oversupply of latex gloves as well as a price war.

Nonetheless, the Company itself has had expertise and experience and passed through numerous latex glove business cycles. The management is therefore confident that with its existing production technology, production cost control, quality control, customer base and distribution network,

²¹ Refers to a factory manufacturing products from natural or synthetic rubber (latex gloves, powder-free latex gloves, or rubber seal).

the Company will be able to ride out the oversupply situation (if taking place in the future) without any serious impact.

(3) Risk associated with past tax burden of PS

Since the assets being acquired under Transaction 2 are almost the entire shares in PS, the Company may be prone to risk from past tax burden of PS and/or unrealized liabilities outside of financial statements. However, the Company has mitigated such risk by conducting tax and legal due diligence by the Company's team.

In addition, in the draft share sale and purchase agreement, the seller of PS shares has given its representation and warranties and specified that it has no penalty, fine, or interest payable to the Revenue Department, the Thai Custom, or other public entities, and is not in the tax audit process of the Revenue Department, and/or there is no unresolved dispute and no material change in list of assets and liabilities since November 10, 2020.

3. Comparison of Benefits and Disadvantages between Entering into the Transactions with the Connected Persons and the Transactions with the Third Party

3.1 Benefits and Advantages between Entering into the Transactions with the Connected Persons and the Transactions with the Third Party

(1) The Company will acquire shares and business of PSE which is the only Thai engineering firm that can provide comprehensive services of machinery design, fabrication, and machine installation for latex glove factories according to the Company's required form and standard.

The turnkey contractors in Thailand that provide services of design, construction, and installation of machines for various industries have had expertise in different industry sectors such as oil refinery, gas separation, petrochemical, automotive parts, food and beverages.

PSE has experience in a fully integrated engineering service for rubber gloves and raw rubber processing for more than 26 years. Therefore, it is capable of selecting suitable machines with highest efficiency for the Company and setting up production lines with maximum effectiveness and minimum error. Currently, other service providers in Thailand are unable to offer the same service quality as that of PSE which is at the global standard in terms of production volume, amount of revenue, technology such as production speed and enhancement of productivity for latex glove manufacturing facilities.

Hence, by entering into Transaction 1, the Company will acquire shares and business of PSE which is the only Thai engineering firm that provides services of design, construction, and machine installation for latex glove factories.

(2) The Company can choose to buy lands that have not been fully utilized by STA.

The Company needs land for construction of its new production facilities to consistently expand its production capacity as targeted. The criteria used by the Company for potential land selection are (a) land size (at least 100 - 300 rai depending on number of production lines and additional area required for staff housing); (b) proximity to natural water resources such as canal or public waterway; (c) proximity to sources of major raw materials such as concentrated latex and woodchip, with concentrated latex mainly procured from STA Group as it can meet the quality standard required by the Company; and (d) convenient transportation and proximity to a port to facilitate transport of products to overseas markets.

STA operates a full supply chain of natural rubber, ranging from upstream business by engaging in rubber plantation in Thailand and midstream business by processing and distributing natural rubber products to downstream business by producing and distributing finished products, i.e. rubber gloves. It accordingly owns a great number of large land plots that are in the same areas as the sources of major raw materials of the Company. As such, the Company can choose to buy the land plots that meet its requirement and have not been fully utilized by STA in its upstream or downstream businesses.

Besides, it is not easy to acquire a large piece of land that matches the production capacity, is close to sources of raw materials and natural water, and has convenient transportation according to the Company's land selection criteria mentioned above. In some cases, the owners of the desired plots of land do not want to sell their land because they intend to keep it for their own use or have no financial need. In other cases, the accumulation of land parcels from small local landlords in the name of the Company, which is well recognized in the southern area, would likely lead to unusually high selling prices as well as risk from failure to acquire the desired size of land. Besides, some plots were offered for sale, but they are far from water resources.

The Company has made a survey of land belonging to other persons in Sadao District, Songkhla Province, and in Pathio District, Chumphon Province, but could not find any land of a large size and in the location suitable for establishing its factories that is comparable with the land of the connected person.

(3) Time spent in the accumulation of potential land plots in the suitable location can be reduced.

Land suitable for constructing a latex glove factory needs to be large enough and must not be in a hilly or steep area. It also needs to be next or close to a main road, water resource or waterway and a concentrated latex factory and not too far from a port. Thus, it is not easy to search for a suitable land that is offered for sale or to approach and negotiate with the landlords and accumulate land parcels, all of which are time-consuming.

By purchasing land from STA for its factory construction, the Company will receive prompt and complete information, hence, can immediately determine the suitability of land without having to go through tedious process as in the case of buying land from the third party. In the latter case, the Company will have to search for land offered for sale, find the true owner, negotiate and propose to buy land, whereby it cannot control the seller's decision making period. Moreover, the connecting parcels of accumulated land might not be of the size and shape suitable for factory construction.

3.2 Disadvantages between Entering into the Transactions with the Connected Persons and the Transactions with the Third Party

(1) Its desire for speedy capacity expansion has prompted the Company to enter into Transactions 2 – 4 with STA and ANV, thus likely to lose the opportunity to find land that may have more potential and/or are sold at cheaper price.

Recognizing the opportunity for its capacity expansion to satisfy market demand, the Company has accelerated its capacity expansion. Since its existing factory areas have been fully utilized, particularly its Hat Yai Factory where no more production lines can be added, the Company has accordingly opted to buy land plots of STA and its subsidiaries which mostly are close to the concentrated latex factory of STA and are of the size and in the location that serve the Company's purposes of land use. As such, the Company will likely lose the opportunity to find lands that have more potential and/or are sold at cheaper price.

(2) Risk from reliance on STA in land acquisition for new factory construction in case there is time constraint

In case the Company sees an opportunity for business/capacity expansion which needs to be urgently completed so as to maintain its leadership in latex glove industry, it may have to promptly acquire land for new factory construction within a limited period of time. As a result, it is very likely that the Company may have to rely on STA in land acquisition for its new factory construction since STA owns abundant parcels of large-sized land located in the rubber plantation area.

(3) Since the entering into 4 transactions are deemed material transactions according to the Notifications on Connected Transaction, the Company will incur extra costs from arrangement of a shareholders' meeting to approve the connected transactions and appointment of the IFA to provide opinion to the shareholders.

The entering into 4 transactions are deemed material connected transactions, whereby the Company is required to hold a shareholders' meeting to approve the entering into such transactions and appoint the IFA to provide opinion on the transactions to its shareholders. This will incur additional costs when compared with the entering into the transactions with the third party.

4. Other Analysis

Appropriateness of Conditions in the Draft Shares/Assets Sale and Purchase Agreements

The IFA is of the opinion that the terms and conditions set forth in the draft sale and purchase agreements on shares of PSE and PS (Transactions 1 and 2) and the draft sale and purchase agreements on land with constructions of ANV and STA (Transactions 3 and 4) are appropriate and under the arm's length basis.

(Please find summary of the draft shares sale and purchase agreements (Transactions 1 and 2) and the draft sale and purchase agreements on land with constructions (Transactions 3 and 4) in Attachment 3 of this report)

5. Summary of the Independent Financial Advisor's Opinion on Reasonableness of the Asset Acquisition and Connected Transactions

STGT is STA Group's flagship company engaging in production and distribution of latex gloves, using the major raw material, concentrated latex, procured from STA and its subsidiaries.

As one of the leading producers and distributors of rubber gloves in Thailand and the world, the Company plans to invest in its capacity expansion to respond to the rising market demand and the ongoing growth in global latex glove industry.

The Company has a strategy to focus on expansion of production capacity and development of natural rubber (NR) glove products, while maintaining an appropriate proportion of nitrile rubber (NBR) glove production capacity. The Company has some competitive advantage over its major rivals, including (a) raw material cost advantage gained from its strategic location in the important rubber plantation area of Thailand and the region, leading to a lower cost of concentrated latex than that of its competitors; (b) strong competitive advantage in natural latex glove production and distribution, considering that other major latex glove producers have concentrated mainly on capacity expansion and development of nitrile gloves, whereas the Company continuously expand and develop its natural latex gloves production while maintain an appropriate proportion of nitrile glove production capacity; and (c) the advantage of having a major shareholder who is a leader in upstream and midstream businesses related to natural rubber products.

The Company has continuously increased its installed capacity, from 15,130 million pieces per year in 2015 to 27,153 million pieces per year in 2019 and 32,619 million pieces per year as at September 30, 2020, representing an average annual growth rate of 19.8% between 2015 and September 2020. The Company has set a target to boost its installed capacity of rubber gloves to more than 50,000 million pieces per year by 2024, more than 70,000 million pieces per year by 2026, and at least 100,000 million pieces per year by 2032 through investment in capacity expansion at its existing production facilities or at other new locations, as well as through merger or acquisition of other businesses in a bid to achieve solid and stable business growth.

Therefore, the Company plans to invest in 4 capacity expansion projects during 2020 - 2023, which were already disclosed as future projects in the IPO Prospectus of the Company, comprising (1) Surat Thani Branch Capacity Expansion Project, (2) Sadao Branch Capacity Expansion Project, (3) Trang Branch Capacity Expansion Project, and (4) Chumphon Branch Capacity Expansion Project, with a total of 98 production lines and a total installed capacity of 35,199 million pieces per year and estimated technical capacity of 32,735 million pieces per year. The Company's utilization rate in 2017 - 2019 was at 90.3%, 89.9%, and 88.6% respectively. The Company, therefore, has to expand its production capacity in order to respond to a continuous rise in global demand of latex gloves.

Reasons for and Necessity of Entering into Transactions 1 - 4

Acquisition of PSE Shares (Transaction 1)

It is a restructuring within STA Group to enable the Company to promptly and easily employ a contractor for construction, design, and installation of machines and equipment at a lower cost, while reducing the number and volume of connected transactions between the Company and STA in the future.

Core business of PSE is the provision of engineering service including design, fabrication, installation of machines, and maintenance service to latex glove production facilities of the Company and STA Group. PSE provides a turnkey service for fabrication and installation of latex glove manufacturing machines together with equipment system as well as maintenance service for all 3 factories of the Company. At present, PSE is in the process of machine fabrication and installation for Surat Thani 2 Branch Capacity Expansion Project and Surat Thani 3 Branch Capacity Expansion Project.

Acquisition of PS Shares, Acquisition of Land with Constructions from ANV, and Acquisition of Land with Constructions from STA (Transactions 2 - 4)

Land acquisition is the initial phase of the Company's capacity expansion project.

In order to achieve the aforementioned operation target and strategic plan and restructure STA Group to be more appropriate, eliminate a hindrance to the business process, and facilitate the continuous capacity expansion of STGT, the Board of Directors' meeting No. 6/2020 of the Company, held on November 13, 2020, accordingly resolved to propose the shareholders' meeting to consider and approve the asset acquisition and connected transactions described above.

The benefits obtainable by the Company from entering into the said asset acquisition and connected transactions are as follows:

Transaction 1: Acquisition of PSE Shares

Advantages and benefits of entering into Transaction 1:

- (1) STA Group will be internally restructured so as to facilitate the implementation of the capacity expansion plan and business operation strategy of the Company to ensure greater flexibility, convenience and rapidity, and reduce cost incurred from employment of PSE, while being able to keep the confidential information on technical knowhow, machines used, and production process of latex gloves within the Company instead of STA. Currently, STA holds 99.9992% of registered and paid-up capital of PSE while STA holds directly and indirectly 56.18% of registered and paid-up capital of the Company. After the entering into the transactions, information of PSE shall be under management of the Company, reducing the risk of leak of information which is out of control of the Company such as the reduction of STA's shareholding in the Company in the future and/or the holding of STA shares by other business partners. Therefore, the entering into Transaction 1 will support core business of the Company and create added value for the Company in the long term.
- (2) The number and volume of connected transactions of the Company will be reduced and its reliance on STA will be minimized since the Company will engage PSE for continuous design, production, installation and maintenance of machines according to the volume of works specified in the capacity expansion plan and future projects. Therefore, entering into the Acquisition of PSE Shares (Transaction 1) will help to reduce the number and volume of future connected transactions of the Company and minimize its reliance on STA Group.
- (3) Process and time for employment of PSE to undertake new factory construction and production line installation in the future shall be reduced. The transaction will change from transaction entered into with the connected person to transaction with the Company's subsidiary. After completion of Transaction 1, the Company and the subsidiary will have to simply obtain their respective internal approval, leading to rapidity and flexibility in the operation and capacity expansion of the Company, hence, reducing loss of business opportunity and maintaining the Company's competitiveness.
- (4) The Company will acquire assets that can promptly generate income and have a low amount of financial liabilities.
- (5) Revenue and profit of PSE will be instantly recognized in the Company's consolidated financial statements, thus seemingly helping to indirectly reduce cost of new project development of the Company. Such revenue and profit of PSE were previously recorded in the financial statements of STA.
- (6) PSE has profoundly knowledgeable, skillful and experienced personnel and has long been well acquainted with the Company and share similar corporate culture, thus enabling the Company to smoothly and uninterruptedly manage PSE.
- (7) PSE's head office is close to the Company's headquarter, thus making their coordination easy, fast, and convenient.

However, there are some disadvantages and risks of the entering into Transaction 1 as follows:

- (1) This is an investment in the company whose growth may be limited since PSE provides services solely for STA Group, unless there is a change in PSE's policy to allow for service provision to outsiders in the future.
- (2) This is an investment in the company which provides engineering service including construction, design, and installation of machines for specific use in production lines of rubber sheets, concentrated latex and latex gloves only, and does not have diverse skill or experience in other industries.
- (3) Investment in PSE shares whose business is in the same direction as the Company is considered as non-diversified investment (facing the same rubber glove market risk exposure as the Company) since PSE's performance hinges mainly on growth and capacity expansion of the Company.

- (4) There is risk associated with past tax burden and/or unrealized liabilities outside of the financial statements of PSE. In order to mitigate such risk, the Company has prepared financial, tax and legal due diligence report of PSE. Moreover, clauses pertaining to representation and warranties about the past tax burden and no material changes to the assets and liabilities of the sellers are specified in the draft PSE shares sale and purchase agreement.

Transaction 2 – Transaction 4: Acquisition of PS Shares, Acquisition of Land from ANV, and Acquisition of Land from STA

The Company considered the acquisition of PS shares instead of the acquisition of land because PS has currently discontinued its business operation and intends to sell its shares to the Company, which can help save cost of sale and purchase when compared with selling land directly to the Company. The Company and STA wish to save expenses on land ownership transfer as well. The Company and STA Group estimated expenses and tax saving at Baht 29.09 million (including corporate income tax, specific business tax, and transfer fee). On the other hand, STA incurs no additional tax expenses in case of the sale and purchase of PS shares since it can deduct profit from the disposition of investment from retained loss.

Advantages and benefits of the entering into Transactions 2 - 4:

- (1) The Company will be able to implement its capacity expansion plan under the future projects disclosed in the IPO Prospectus of the Company, which can create added value for the Company in the long term. The capacity expansion under Transactions 2 – 4 will enable the Company to receive a higher return on investment in the 2 latex glove factories.
- (2) The Company will acquire large pieces of land in prime and potential locations suitable for establishing its new production facilities, i.e. Sadao 1 Branch Factory (Transaction 2) and Chumphon Branch Factory (Transaction 4). The land size and shape fit well with the layout of production lines and is in a prime and potential location close to the source of concentrated latex, which is the major raw material for latex glove manufacturing. Moreover, it is close to natural water resources as latex glove production consumes a huge amount of water and also next to a main road and not far from a port. The land is in the area entitled to greater promotional privileges from BOI than those granted to general promotion areas. Meanwhile, the Company will acquire land with constructions (Transaction 3) that are next to its own land (location of Sadao 2 Branch Factory which is about to commence construction) and will use as a repair and maintenance center and staff house for the Sadao Branch 1 Capacity Expansion Project and Sadao Branch 2 Capacity Expansion Project.
- (3) Competitiveness of the Sadao Branch Capacity Expansion Project and of the Company in the long term shall be enhanced and economies of scale shall be created. The construction of Sadao 1 Branch Factory and Sadao 2 Branch Factory will result in the Company having large production bases that are situated in the same zone and are under the centralized factory management by its team, thus enabling the Company to optimize its resource management.
- (4) The establishment of latex glove production facilities at various locations helps to mitigate risk from natural disasters and any other risks that are beyond the Company's control/prediction, which could interrupt the production lines.
- (5) The Company has adequate funding sources, obtained from its internal capital and the IPO, to finance the entering into Transactions 2 – 4 and the development of Sadao 1 Branch Factory and Chumphon Branch Factory. According to the Company's consolidated financial statements as at September 30, 2020, its liquid assets (cash and deposits at banks only) amounted to Baht 16,967.45 million.
- (6) Sadao 1 Branch Factory already received a promotion certificate from the Board of Investment (BOI) on August 10, 2020. Chumphon Branch Factory is also a project eligible for promotional privileges from the BOI.
- (7) The purchase prices of PS shares, land from ANV, and land in Chumphon from STA are based on the appraised value of land and the feasibility studies on the Sadao Branch Capacity Expansion Project (Transactions 2 + 3) and the Chumphon Branch Capacity Expansion Project (Transaction 4), and are considered appropriate.

However, there are some disadvantages and risks of the entering into Transaction 2 – Transaction 4 as follows:

- (1) The Company's cash and liquidity will decrease. After the investment in Transactions 2 – 4, its cash will be lower by approximately Baht 7,839 million and its quick ratio will drop from 5.17 times to

3.50 times (If including investment in Transaction 1 of Baht 1,120 million, quick ratio shall drop to 3.19 times).

- (2) Risks involved with new project development and business risk
 - (2.1) Risk associated with all required approvals such as a factory license, a building construction permit, and a certificate of building construction
 - (2.2) Risk relating to a delay in factory construction and/or a delay caused by business plan revision
 - (2.3) Risk of cost overrun
 - (2.4) Risk of oversupply triggered by capacity expansion of the Company and other producers. Nonetheless, the Company itself has had expertise and experience and passed through numerous latex glove business cycles. The management is therefore confident that with its existing production technology, production cost control, quality control, customer base and distribution network, the Company will be able to ride out the oversupply situation (if taking place in the future) without any serious impact.
- (3) Risk associated with past tax burden and/or unrealized liabilities outside of the financial statements of PS. In order to mitigate this risk, the Company has conducted a tax and legal due diligence of PS. Moreover, clauses pertaining to representation and warranties about the past tax burden and no material changes to the assets and liabilities of the seller are specified in the draft PS shares sale and purchase agreement.

Benefits and advantages between entering into the transactions with the connected persons and the transactions with the third party are as follows:

- (1) The Company will acquire shares and business of PSE which is the only Thai engineering firm that can provides turnkey service of machinery design, construction, and installation for latex glove factories according to the Company's required form and standard. PSE has expertise in a fully integrated engineering service for rubber gloves and raw rubber processing for more than 26 years. Therefore, it is capable of selecting suitable machinery with highest efficiency for the Company and setting up production lines with maximum effectiveness and minimum error. Currently, other service providers in Thailand are unable to offer the same service quality as that of PSE which is at the global standard in terms of production volume, amount of revenue, technology such as production speed and enhancement of productivity for latex glove manufacturing facilities.
- (2) The Company can choose to buy lands that have not been fully utilized by STA in its upstream and midstream businesses. The Company has also made a survey of land belonging to other persons in Sadao District, Songkhla Province, and in Pathio District, Chumphon Province, but could not find any land of a large size and in the location suitable for establishing its factories that is comparable with the land of the connected person.
- (3) The Company can save time in the accumulation of potential land plots that are in the suitable location. The Company can receive prompt and complete information and, hence, can immediately determine the suitability of land without having to go through tedious process as in the case of buying land from the third party.

Disadvantages and risks between entering into the transactions with the connected persons and the transactions with the third party are as follows:

- (1) Its desire for speedy capacity expansion has prompted the Company to enter into Transactions 2 – 4 with STA and ANV, thus likely losing the opportunity to find land that may have more potential and/or are sold at cheaper price.
- (2) Risk from reliance on STA in land acquisition for new factory construction in case there is time constraint. The Company may have to urgently acquire land for new factory construction within a limited period of time. As a result, it is very likely that the Company may have to rely on STA in land acquisition for its new factory construction since STA owns abundant parcels of large-sized land located in the rubber plantation area.
- (3) Since the entering into 4 transactions are deemed material transactions according to the Notifications on Connected Transaction, the Company will incur extra costs from arrangement of a shareholders' meeting to approve the connected transactions and appointment of the IFA to provide opinion to the shareholders. This will incur additional costs when compared with the entering into the transactions with the third party.

Taking into account the objectives and necessity of the transactions, together with the advantages, disadvantages, benefits, and risks, the IFA is of the opinion that the entering into 4 asset acquisition and connected transactions will support the Company's ongoing and sustainable growth in the future and add value to its assets that will generate revenue in the long term, thus creating benefits for the Company and all shareholders, whereas most of the potential risks are risks to which the Company is exposed in its normal course of business. Therefore, **the entering into 4 asset acquisition and connected transactions is considered reasonable.**

Part 3: Opinion of the Independent Financial Advisor on Appropriateness of Price of Asset Acquisition and Connected Transactions

The Company will enter into connected transactions to acquire ordinary shares and land and constructions from related parties in 4 transactions as follows:

Transaction 1: Acquisition of PSE Shares

An investment in Premier System Engineering Co., Ltd. ("PSE") by purchasing 499,996 ordinary shares of PSE with par value of Baht 100 per share, representing 99.9992% of total issued and paid-up shares of PSE, at a total sale and purchase price of Baht 1,120.00 million.

Transaction 2: Acquisition of PS Shares

An investment in Sadao P.S. Rubber Co., Ltd. ("PS") by purchasing 399,994 ordinary shares of PS with par value of Baht 100 per share, representing 99.9985% of total issued and paid-up shares of PS, at a total sale and purchase price of Baht 147.00 million. Objective of this acquisition is to acquire 3 adjacent plots of land with total area of 89-2-94 rai located at Sadao Sub-district, Sadao District, Songkhla Province for construction of new latex glove production facility of the Company.

Transaction 3: Acquisition of Land and Constructions from ANV

An acquisition of 3 adjacent plots of land with a total area of 34-1-70 rai together with constructions, located in Samnak Kham Sub-district, Sadao District, Songkhla Province, at a total sale and purchase price of Baht 69.21 million, from Anvar Parawood Co., Ltd. ("ANV"), a subsidiary of STA.

The objective of this acquisition is for use as a supporting unit of the Sadao Branch Capacity Expansion Project, which is a future project as revealed in the IPO Prospectus of the Company.

Transaction 4: Acquisition of Land with Constructions from STA

An acquisition of 12 adjacent plots of land with a total area of 334-0-6.2 rai together with constructions, located in Chairat Sub-district, Pathio District, Chumphon Province, at a total sale and purchase price of Baht 177.47 million from STA. Objective of this acquisition is to acquire land for construction of new latex glove production facility of the Company.

The IFA has identified appropriateness of price of the assets to be acquired based on a study of information and documents obtained from the Company, PSE, and STA such as internal financial statements, business plan of the Company, financial forecast of PSE, adjusted financial statement of PS, the property appraisal reports prepared by First Star Consultant Co., Ltd., and other documents related to this transaction, including publicly available information such as annual registration statement (Form 56-1), the IPO Prospectus of the Company, audited or reviewed financial statements, industrial and financial information from various websites, and information disclosed on website of the Office of the Securities and Exchange Commission (www.sec.or.th) and the SET (www.set.or.th).

The IFA's opinion expressed herein is under the assumption that the aforementioned information and documents are complete and accurate, and is based on the circumstances and information perceivable as of the date of preparation this report. Any change or incident arising in the future may have material impacts on the business operation and plan of PSE, PS and/or assets to be acquired from these transactions, the evaluation and analysis conducted by the IFA, and the shareholders' decision regarding the entry into these transactions.

Transaction 1: Acquisition of Ordinary Shares of Premier System Engineering Co., Ltd. (PSE)

The IFA has determined fair value of PSE's ordinary shares to be disposed using 6 valuation approaches as follows:

- 1) Book Value Approach
- 2) Adjusted Book Value Approach
- 3) Market Value Approach
- 4) Price to Book Value Ratio Approach (P/BV Ratio)
- 5) Price to Earnings Ratio Approach (P/E Ratio)
- 6) Discounted Cash Flow Approach

However, the IFA is unable to evaluate value of ordinary shares of PSE by the Market Value Approach because it is not listed on the SET or any other secondary market, hence, there is no reference market value available. Therefore, only the rest 5 approaches are employed in valuation of the ordinary shares of PSE.

After having studied all relevant information and documents, the IFA would like to render our opinion on appropriateness of price of the ordinary shares of PSE as follows:

1.1 Book Value Approach

The share valuation by this approach demonstrates book value of ordinary shares of PSE at a certain point in time. Here, the valuation is based on book value of PSE according to its latest financial statements as of September 30, 2020, which were its internal financial statements used by STA's auditor for preparing STA's consolidated financial statements for the 9-month period ended September 30, 2020. The calculation of book value of PSE shares according to such financial statements is as shown below:

PSE	(Unit: Baht million)
Issued and paid-up capital	50.00
Surplus on revaluation of assets - net of income tax	87.35
Retained earnings	
Appropriated – legal reserve	5.00
Unappropriated	414.64
Total shareholders' equity	556.98
Total number of paid-up shares as of September 30, 2020 (shares)	500,000 ^{1/}
Book value per share (Baht/share)	1,113.97

Remark: 1/ Par value of Baht 100.00 per share.

Under this approach, value of ordinary shares of PSE is at **Baht 1,113.97 per share**, equivalent to the Firm Equity Value of **Baht 556.98 million**.

1.2 Adjusted Book Value Approach

Under this approach, share value is determined by taking subtracting total assets of PSE by its total liabilities and commitments and contingent liabilities derived from its latest financial statements as of September 30, 2020, which were its internal financial statements used by the Company's auditor for preparing the Company consolidated financial statements, then adjusted by transactions taking place after the date of the financial statements or transactions that have an effect on book value in order to more truly reflect its intrinsic value such as unrealized surplus or deficit on property appraisal, tax saving from losses carried forward, and contingent liabilities.

In order to evaluate PSE shares by this approach, the IFA has adjusted book value of PSE derived from its latest financial statements as of September 30, 2020 by taking into account the following significant items:

1.2.1 Surplus (Deficit) on Asset Appraisal

The appraised assets of PSE include property, plants and equipment utilized in business operation, details of which are as follows:

1.2.1.1 Land, buildings and constructions – factory and office located at Kanjanavanich Road

The appraised assets of PSE are plants, office building, factory, and constructions located at 123 Moo 8, Kanjanavanich Road, Banphru Sub-district, Hat Yai District, Songkhla Province.

STA appointed First Star Consultant Co., Ltd. ("the Independent Property Appraiser"), which is an SEC-approved independent property appraiser, to evaluate its land and constructions. The Independent Property Appraiser surveyed and appraised these properties on September 29, 2020 as

per the report dated October 29, 2020 (No. 63-FSCR-GR-209) for public proposes by employing the Depreciated Replacement Cost Approach. Details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

– **Land**

The Independent Property Appraiser has evaluated a plot of land with an area of 38-3-8.3 rai (38.77075 rai), details of which are as follows:

No.	Land Title Deeds No.	Parcel No.	Dealing Title No.	Land Area as per Title Deed			Owner	Encumbrance on Property
				Rai	Ngan	Sq. wah		
1	25205	18	2290	38	3	8.3	Premier System Engineering Company Limited	N/A

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics as the appraised asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 4 selected data of vacant land in nearby areas for comparison with the offering/selling price of Baht 4.50 – 6.50 million per rai. Then, factors affecting land value including location, shape and size of land physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Weight Quality Score: WQS

Factors	Appraised Land	Data 1	Data 2	Data 3	Data 4
Property type	Land with constructions	Vacant land	Vacant land	Vacant land	Vacant land
Land area (rai)	38-3-8.3 rai	26-0-0 rai	43-0-0 rai	22-2-0 rai	12-2-0 rai
Location	No. 123 Moo 8 Kanjanavanich Rd., (Km. 1267-1268)	Kanjanavanich Rd., (Km. 1267-1268)	Kanjanavanich Rd., (Km. 1269-1270)	Kanjanavanich Rd., (Km. 1273-1274)	Kanjanavanich Rd., (Km. 1269-1270)
Surrounding	Residential and Industrial area				
Utilities	Electricity, ground water, and telephone	Electricity and telephone	Electricity and telephone	Electricity and telephone	Electricity, water supply, and telephone
Type of asset road	16-meter width paved way	16-meter width paved way	16-meter width paved way	16-meter width paved way	16-meter width paved way
Land shape	Nearly rectangle	Nearly rectangle	Nearly rectangle	Nearly rectangle	Nearly rectangle
Frontage (m.)	132.00	120.00	170.00	100.00	42.00
Land level (m.)	0.00	-0.50	-0.50	-0.50	0.00
Use of land	Industrial area	Residential area	Residential area	Residential and Industrial area	Industrial area
Offering price (Baht/rai)		6,307,692	5,813,953	4,500,000	6,500,000
Bargaining and liquidity price (Baht/rai)		4,700,000	4,350,000	3,375,000	4,900,000
Adjustment: Land filling fee (Baht/rai)		75,000	75,000	75,000	-
Preliminary adjusted price (Baht/rai)		4,775,000	4,425,000	3,450,000	4,900,000

Factors	Score (%)	Appraised Land	Data 1	Data 2	Data 3	Data 4
Location	25	8	8	8	7	7
Development and Surrounding	25	8	8	8	7	7
Transportation	-	8	8	8	8	8
Utilities	-	7	7	7	7	7
Size and Shape	25	7	8	7	8	9
Advantage and Suitability	25	7	8	7	8	9
Legal restriction and City plan	-	7	7	7	7	7
Total Weight Quality Score	100	750	800	750	750	800

COMPARABLE OF WEIGHTED QUALITY SCORE						
		Appraised Land set 1	Data 1	Data 2	Data 3	Data 4
Adjust Ratio			0.9375	1.000	1.000	0.9375
Adjusted Price	(Baht/rai)		4,476,563	4,425,000	3,450,000	4,593,750
WQS	(%)	100%	20.00%	30.00%	30.00%	20.00%
Weighted Value of land	(Baht)	4,176,563	895,313	1,327,500	1,035,000	918,750
Market value of land	(Baht/rai)	4,200,000				

Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-209 dated October 29, 2020.

Remark: 1/ Rating score 1-2 = inferior, 3-4 = somewhat inferior, 5-6 = moderate, 7-8 = good, 9-10 = excellent

The market value of such land as appraisal using by the Independent Property Appraiser according to the property appraisal report No. 63-FSCR-GR-209 dated October 29, 2020 is equal to Baht 4.20 million/rai or a total of Baht 162.84 million.

The IFA is of the opinion that the Market Comparable Approach is an appropriate method in determining value of assets that has available comparable and sufficient market price of assets sold/offered for sale. In addition, the IFA views that the comparable vacant land used herein are appropriate as they are in the proximity of the appraised land. Moreover, the Independent Property Appraiser made adjustment to various factors according to the characteristics of each asset comparing to those of the appraised assets. Therefore, the adjusted value should be able to reflect appropriate and more comparable value.

– Buildings and constructions

According to the property appraisal report dated October 29, 2020 (No. 63-FSCR-GR-209), the Independent Property Appraiser employed the Cost Approach because it viewed that the appraised properties have specific features and are for specific use. Under the Cost Approach, the Independent Property Appraiser determined the Replacement Cost New, deducted by costs of physical deterioration, functional obsolescence, and economic obsolescence. Details of the appraisal are as tabulated below:

	Items	Area (Sq.m.)	Replacement Cost New		Age (year)	Depreciation (%)	Depreciated Replacement Cost New (Baht Million)
			Average/Unit (Baht/Sq.m.)	Total (Baht Million)			
1	Building 1: Plant and 1-storey office with mezzanine						
	- Office area	1,340.00	14,000	18.76	33	49.5%	9.47
	- Factory area	3,700.00	9,000	33.30	33	77.5%	7.49
	Total Building 1	5,040.00	10,329	52.06			16.97
2	Building 2: Plant and 1-storey office and mezzanine						
	- Office area	381.80	12,000	4.58	4	8%	4.21
	- Factory area	4,775.00	7,500	35.81	4	8%	32.95
	Total Building 2	5,156.80	7,833	40.39			37.16
3	Building 3: 2-storey office and Warehouse						
	- 2-storey office area	1,600.00	15,000	24.00	20	30%	16.80
	- 1-storey office area (in the project)	800.00	14,000	11.20	20	45%	6.16
	- Warehouse area	1,280.00	7,500	9.60	20	45%	5.28
	- Balcony area	70.00	5,000	0.35	20	45%	0.19
	Total Building 3	3,750.00	12,040	45.15			28.43
4	Building 4: Canteen and staff room	1,035.00	5,867	6.07	20	30%	4.25
5	Building 5: Maintenance and painting area	912.00	6,408	5.84	33	77.5%	1.31
6	Building 6: Painting mill	432.00	4,200	1.81	-	-	1.81
7	Other constructions						
	7.1 Garage 1	420.00	2,000	0.84	20	55%	0.38
	7.2 Garage 2	600.00	2,000	1.20	20	55%	0.54
	7.3 Garage 3	360.00	2,000	0.72	20	55%	0.32
	7.4 Garage 4	450.00	2,000	0.90	20	55%	0.41
	7.5 Garage 5	175.00	2,000	0.35	20	55%	0.16
	7.6 Garage 6	231.00	2,000	0.46	20	55%	0.21
	7.7 Pavilion (2 units)	80.00	2,000	0.16	4	8%	0.15
	7.8 Open space with rooftop (connecting the buildings)	1,824.00	2,500	4.56	20	55%	2.05
	7.9 Security guard house	9.00	15,000	0.14	20	55%	0.06
	7.10 Elevated tank	25 ลบ.ม.	(flat rate)	0.35	33	85%	0.05
	7.11 Concrete path (old)	10,940.00	1,000	10.94	33	85%	1.64
	7.12 Concrete path (new)	5,600.00	1,000	5.60	-	-	5.60
	7.13 Fence - gate	1,533.60	1,500	2.30	33	85%	0.35
	Total other constructions	22,222.60	1,283	28.52			11.91

Items	Area (Sq.m.)	Replacement Cost New		Age (year)	Depreciation (%)	Depreciated Replacement Cost New (Baht Million)
		Average/Unit (Baht/Sq.m.)	Total (Baht Million)			
Total value of buildings and constructions			179.85			101.85

Source: Property appraisal report by First Star Consultant Co., Ltd., No. 63-FSCR-GR-209 dated October 29, 2020.

The IFA is of the same opinion as the Independent Property Appraiser regarding the appropriateness of the Depreciated Replacement Cost Approach used for valuing the buildings and constructions because the properties were designed for specific use and there were adjustment for depreciation according to their existing stage and age as of the survey date in order to reflect their current status. Therefore, the building and land improvement of PSE appraised by the Independent Property Appraiser according to the report No. 63-FSCR-GR-209 dated October 29, 2020, using the Depreciated Replacement Cost Approach, is at Baht 101.85 million.

1.2.1.2 Land, buildings and constructions – warehouse and staff House

The appraised assets are land, warehouse, staff houses, and constructions located at 133 Rukpru Road, Banphru Sub-district, Hat Yai District, Songkhla Province.

The Independent Property Appraiser surveyed and appraised these properties on September 29, 2020 as per the report dated October 29, 2020 (No. 63-FSCR-GR-210) for public proposes by employing the Depreciated Replacement Cost Approach. Details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

– Land

The Independent Property Appraiser has evaluated a plot of land with an area of 3-1-38.2 rai (3.3455 rai), details of which are as follows:

No.	Land title deeds No.	Parcel No.	Dealing title No.	Land Area as per Title Deed			Owner	Encumbrance on property
				Rai	Ngan	Sq. wah		
1	233002	25	24923	3	1	38.2	Premier System Engineering Co., Ltd.	N/A

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics as the appraised asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 4 selected data of vacant land in nearby areas for comparison with the offering/selling price during Baht 2.80 – 6.20 million per Rai. Then, factors affecting land value including location, shape and size of land physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Weight Quality Score: WQS

Factors	Appraised Land	Data 1	Data 2	Data 3	Data 4
Property type	Land with constructions	Vacant land	Vacant land	Vacant land	Vacant land
Land area (rai)	3-1-38.2 rai	3-2-96.4 rai	7-3-0 rai	0-2-0 rai	4-3-0 rai
Location	133 Rukpru Rd., conjunction to Prukangkao Rd.	Prukangkao Rd.	Soi 3 Bangsala, Banpruthanee Rd.	Soi 1 Rukpru Rd.	Banrai Rd.- Banthungkham inklang
Surrounding	Commercial, residential, and industrial area		Residential and commercial area	Residential and industrial area	
Utilities	Electricity, water supply, telephone, and drain				Electricity and telephone
Type of asset road	10-meter width paved way	14-meter width paved way	16-meter width paved way	6-meter width reinforced concrete way	12-meter width paved way
Land shape	Nearly rectangle	Nearly rectangle	Polygon	Nearly rectangle	Nearly rectangle
Frontage (m.)	43.00	150.00	165.00	20.00	50.00

Factors	Appraised Land	Data 1	Data 2	Data 3	Data 4
Land level (m.)	0.00	0.00	0.00	0.00	0.00
Use of land	Industrial	Residential	Residential	Residential	Residential
Offering price (Baht/rai)		6,200,000	-	-	2,800,000
Bargaining and liquidity price (Baht/rai)		5,000,000	-	-	2,400,000
Selling-purchase price (Baht/rai)		-	3,000,000	5,000,000	-
Adjustment: Land filling fee (Baht/rai)		-	-	-	-
Preliminary adjusted price (Baht/rai)		5,000,000	3,000,000	5,000,000	2,400,000

Factors	Score (%)	Appraised land ^{1/}	Data 1 ^{1/}	Data 2 ^{1/}	Data 3 ^{1/}	Data 4 ^{1/}
Location	20	7	8	7	7	7
Surrounding	20	7	8	7	7	7
Transportation	20	7	9	7	7	7
Utilities	-	7	7	7	7	7
Land shape and area	20	7	9	6	10	7
Advantage and Suitability	20	7	9	7	10	7
Legal restrictions / City plan	-	7	7	7	7	7
Total score	100	700	860	680	820	700

COMPARABLE OF WEIGHTED QUALITY SCORE						
		Appraised land 1	Data 1	Data 2	Data 3	Data 4
Adjust Ratio			0.8140	1.0294	0.8537	1.000
Adjusted price	(Baht/rai)		4,069,767	3,088,235	4,268,293	2,400,000
WQS	(%)	100%	15.00%	30.00%	20.00%	35.00%
Weighted value of land	(Baht)	3,230,594	610,465	926,471	853,659	840,000
Market value of land	(Baht/rai)	3,200,000				

Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-210 dated October 29, 2020.
Remark: 1/ Rating score 1-2 = inferior, 3-4 = somewhat inferior, 5-6 = moderate, 7-8 = good, 9-10 = excellent

The market value of such land as appraised by the Independent Property Appraiser according to the property appraisal report No. 63-FSCR-GR-210 dated October 29, 2020 is equal to Baht 4.20 million/rai or a total of Baht 162.84 million.

The IFA is of the opinion that the Market Comparable Approach is an appropriate method in determining value of assets that has available comparable and sufficient market price of assets sold/offered for sale such as vacant land. In addition, the IFA views that the comparable vacant land used herein are appropriate as they are in the proximity of the appraised land. Moreover, the Independent Property Appraiser made adjustment to various factors according to the characteristics of each asset comparing to those of the appraised assets. Therefore, the adjusted value should be able to reflect appropriate and more comparable value.

– Buildings and constructions

According to the property appraisal report dated October 29, 2020 (No. 63-FSCR-GR-210), the Independent Property Appraiser employed the Cost Approach because it viewed that the appraised properties have specific features and are for specific use. Under the Cost Approach, the Independent Property Appraiser determined the Replacement Cost New, deducted by costs of physical deterioration, functional obsolescence, and economic obsolescence. Details of the appraisal are as tabulated below:

	Items	Area (Sq.m.)	Replacement Cost New		Age (year)	Depreciation (%)	Depreciated Replacement Cost New (Baht Million)
			Average/Unit (Baht/Sq.m.)	Total (Baht Million)			
1	1-storey warehouse with mezzanine	725.00	8,241	5.98	13	16% - 27.5%	4.56
2	1-storey staff house – 9 rooms	787.50	5,926	4.67	5	5%	4.43
3	1storey staff house – 9 rooms	787.50	5,926	4.67	5	5%	4.43
4	Staff house – 5 rooms	260.00	5,031	1.31	13	16%	1.10
5	Other constructions						
	5.1 Bathroom-toilet 1	27.00	5,000	0.14	5	10%	0.12
	5.2 Bathroom-toilet 2	24.00	5,000	0.12	13	34%	0.08
	5.3 Security guard house	6.25	14,000	0.09	13	34%	0.06
	5.4 Parking (Completed ground)	162.00	1,500	0.24	5	10%	0.22
	5.5 Concrete path (old)	225.00	1,000	0.23	5	10%	0.20
	5.6 Concrete path (new)	1,268.00	1,000	1.27	-	-	1.27
	5.7 Elevated tank	1.00	(flat rate)	0.15	13	34%	0.10

	Items	Area (Sq.m.)	Replacement Cost New		Age (year)	Depreciation (%)	Depreciated Replacement Cost New (Baht Million)
			Average/Unit (Baht/Sq.m.)	Total (Baht Million)			
	5.13 Fence-gate	654.00	1,500	0.98	13	34%	0.65
	Total other constructions	2,367.25	1,356	3.21			2.69
	Total value of buildings and constructions			19.83			17.22

Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-210 dated October 29, 2020.

The IFA is of the same opinion as the Independent Property Appraiser regarding the appropriateness of the Depreciated Replacement Cost Approach used for valuing the buildings and constructions because the properties were designed for specific use and there were adjustments for depreciation according to their existing stage and age as of the survey date in order to reflect their current status. Therefore, the building and land improvement of PSE were appraised by the Independent Property Appraiser according to the report No. 63-FSCR-GR-210 dated October 29, 2020, using the Depreciated Replacement Cost Approach, is at Baht 17.22 million.

1.2.1.3 Machines and equipment

According to the property appraisal report prepared by the Independent Property Appraiser dated October 12, 2020 (No. 63-FSCM-GR-211) with the appraisal conducted on September 29, 2020 to identify the current market value of the assets and for public purposes, the Independent Property Appraiser used the Cost Approach to appraise the assets because there were sufficient market data of the similar characteristics or the same type as the appraised assets and occurring during the same period of time to be used as a proxy for the valuation.

Under the Cost Approach, the Independent Property Appraiser determined the Replacement Cost New, deducted by costs of physical deterioration, functional obsolescence, and economic obsolescence. Details of the appraisal of machines and equipment of PSE are as follows:

	PSE: Machines and Equipment Items	Quantity	Chronological Age ^{1/} (Year) n	Physical Life ^{2/} (Year) N	Remaining Age (Year)	Replacement Cost New (Baht Million)	Percentage of Condition ^{3/} (%)	Fair Market Value ^{3/4/} (Baht Million)
1	Machinery and equipment – 131 Group	110	0.25 - 26.67	5 - 20	0.50 – 14.75	36.75	10% - 98%	18.90
2	Machinery and equipment – 141 Group	918	0 - 26.67	5 - 20	0.50 – 14.92	40.75	10% - 100%	12.62
3	Office equipment – 151 Group	540	0.50 - 21.92	5 - 20	0.50 – 11.25	16.02	10% - 98%	3.94
4	Office equipment – 152 Group	569	0.08 – 21.92	5 - 20	0.50 – 4.92	20.98	10% - 98%	2.99
5	Forklift	38	0.17 – 24.08	5 - 12	0.50 – 9.83	10.27	10% - 98%	3.20
6	Hand lift	1	6.92	5	0.50	0.01	10%	0.00
7	Software	105	0.5 – 10.83	5 - 10	0.50 – 5.17	25.88	10% - 90%	10.18
8	Licenses software	13	4.5 – 20.75	5 - 10	0.50 – 4.00	1.71	10% – 40%	0.20
9	Asset under construction	3	-	20	20	4.07	100%	4.07
	Total value of machines and equipment					156.45		56.11

Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCM-GR-211 dated October 12, 2020.

Remark:

- 1/ Chronological Age, n: Number of years after construction or the first date of use of machines and equipment until the date of evaluation.
- 2/ Physical Life, N: Estimated number of years that machines and equipment can be used before the end of their lives. PSE applied the Physical Life of machinery and equipment at the maximum of 20 years.
- 3/ The Independent Property Appraiser determined fair value of machines based on the formula for fair value determination of machines and equipment of the Valuers Association of Thailand and the Thai Valuers Association as follows:

Formula for fair value determination of machines

Fair market value = Replacement Cost New – Total depreciation cost

Total depreciation cost = Chronological age / Physical life

FMV = RCN x P x F x E

P = (1-n/N) x C

Where: RCN = Replacement Cost New

P = Physical Deterioration

F = Functional Obsolescence

E = Economic/External Obsolescence

N = Physical Life (year)

n = Chronological Age (year)

C = Condition Factor (%)

- 4/ Fair Market Value (FMV) is an estimated cash value at which a machine is sold and purchased between a willing seller and a willing buyer without any pressure to sell and to buy as of the appraisal date, whereby both the seller and the buyer have exercised due care and are equally knowledgeable about the machine and all relevant factors. Such value includes all direct

and indirect costs such as transportation cost, assembling costs, and installation cost to ensure the machine is perfectly functional. It accordingly is value of the machine that is continuously utilized. In general, FMV is deemed suitable in the case where both the seller and the buyer have the intention to maintain the machine in its existing condition as part of the operation, rather than value derived from sale of split parts of the machine or from a change in utilization of the machine from its original purpose.

The IFA is of the same opinion as the Independent Property Appraiser regarding the appropriateness of the Depreciated Replacement Cost Approach used for valuing the assets because they were designed for specific use and there were adjustment to reflect their usage and the depreciation rate due to the plant shutdown. Therefore, the machines and equipment of PSE appraised by the Independent Property Appraiser according to the report No. 63-FSCM-GR-211 dated October 29, 2020, using the Depreciated Replacement Cost Approach is at **Baht 56.11 million**.

Comparison of the appraised value and the book value of fixed assets of PSE as of September 30, 2020 (a period that is close to the appraisal date) is as follow:

(Unit: Baht million)			
PSE	Book Value as of September 30, 2020 (1)	Appraised Value (2)	Appraised Value Higher (Lower) than Book Value (3) = (2)-(1)
Fixed assets appraised			
Land and improvement	138.65	173.54	34.89
Building and construction	85.65	119.07	33.42
Machines and equipment	18.43	31.52	13.09
Vehicles	0.42	3.20	2.78
Office equipment and supplies	4.46	6.93	2.48
Work in process	1.11	4.07	2.96
Total fixed assets appraised	248.72	338.34	89.62
Software	7.31	10.39	3.08
Fixed assets not appraised			
Machines and equipment	0.17		
Vehicles	0.48		
Office equipment and supplies	0.03		
Work in process	0.62		
Total fixed assets not appraised	1.31		
Total property, plant and equipment and intangible assets	257.34		92.70
Add: Deferred Tax Assets or Liabilities			(18.54)^{4/}
Adjusted Item: Shareholders' equity			74.16

Remark:

- 1/ Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-209 dated October 29, 2020.
- 2/ Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-210 dated October 29, 2020.
- 3/ Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCM-GR-211 dated October 12, 2020.
- 4/ Deferred Tax Assets (Liabilities) were estimated at a tax rate of 20% of the difference between appraised value and book value of assets.

Therefore, the IFA has adjusted the shareholders' equity of PSE to increase by the difference between the appraised value and the book value of assets - net of Baht 74.16 million.

Summary of adjustment to Book Value of PSE

According to the adjustment items described above, the IFA has evaluated PSE shares using the Adjusted Book Value Approach as follows:

PSE	(Unit: Baht million)
Total shareholders' equity as of September 30, 2020	556.98
Adjustment	
Surplus (Discount) from property appraisal	74.16 ^{1/}
Net adjusted shareholders' equity	631.14
Total number of paid-up shares as of September 30, 2020 (shares)	500,000 ^{2/}
Adjusted book value per share (Baht/share)	1,262.29

- Remark: 1/ Please see detail in Part 3, Clause 1.2.1 of this report.
2/ Par value of Baht 100.00 per share.

Under this approach, value of PSE shares is at **Baht 1,262.29 per share**, equivalent to the Firm Equity Value of **Baht 631.14 million**.

1.3 Price to Book Value Ratio Approach: P/BV Ratio

In this approach, CapAd evaluated PSE's ordinary shares by using book value per share of the Company as shown in the latest financial statements as of September 30, 2020, which were internal financial statements used by STA's auditor for preparing STA's consolidated financial statements for the 9-month period ended September 30, 2020, equal to Baht 1,113.97 per share, and multiplied by a median of the P/BV Ratio of 6 listed companies on the Stock Exchange of Thailand, the MAI, and Bursa Malaysia (MYX) who provide engineering services and installation of machinery and equipment for production facility (hereinafter called "Peer Group"). The information is for the period up to October 22, 2020. The details can be summarized as follows:

Company Name	Securities Symbol*	Type of Business
1. HLT Global Bhd.	HLT MY ^{1/}	HLT Global Berhad is the Malaysia-based investment holding company of HLT Global Group, which includes the Company and its sole subsidiary HL Advance Technologies (M) Sdn Bhd. The Group's core business activities are the design, fabrication, installation, testing and commissioning of glove-dipping lines. It also provides service of upgrading and modification works for glove-dipping lines, as well as the supply and trading of associated parts and components. The Group's clients in Malaysia, Indonesia, Thailand, China and India are involved in the production of natural and synthetic rubber gloves used in many industries, including medical and food industries.
2. AT Systematization Berhad	ATSY MY ^{1/}	The group's business is fabrication of industrial and engineering parts, design and fabrication of industrial automation systems and machines. Provision of engineering design, fabrication as well as installation of machines for the manufacturing of gloves and other rubber-related products, oil & gas, biological science, electronics, aerospace, and other industries.
3. Asia Precision PCL.	APCS ^{2/}	The company offers a range of engineering services with the core business in Engineering, Procurement, and Construction (EPC), providing a one-stop service from turnkey construction management to Operation & Maintenance (O&M). Other business divisions include Precision Metal Parts manufacturing and Utilities.
4. TTCL PCL.	TTCL ^{2/}	The Company provides integrated design and engineering service, procurement of equipment and materials, and construction services of turnkey projects for energy, petrochemical, and chemical industry in Thailand and overseas.
5. CAZ (Thailand) PCL.	CAZ ^{3/}	The company provides engineering service, procurement and construction and Fabrication works for oil & gas and petrochemical industries. The company's services can be categorized into 4 scopes which are (1) Engineering, Procurement and Construction, (2) structural mechanical piping and electrical and instrument service, (3) civil construction service, and (4) fabrication and Other Service.
6. Patkol PCL.	PK ^{2/}	Its core business consist of design, construction and commissioning in refrigeration system and various types of food processing such as tube ice machine, cold room. It also provides machine fabrication and factory construction service for liquid product processing such as pasteurized milk, UHT milk, energy drink, beer, fruit juice, bottled water as well as Pharmaceutical and Chemicals Plant. It continuously delivers the products and services to satisfy the need of customer by providing full service from consulting, design and engineering to construction and installation and also have many patented equipment designs.

Remark: 1/ Listed companies in the Bursa Malaysia (MYX).

2/ Listed companies in the SET.

3/ Listed companies in the MAI.

Financial Information of the Peer Group

Company	Market Cap as of October 22, 2020	Total Assets as of June 30, 2020	Total Revenues for the Latest 4 Quarters	Net Profit (Loss) for the Latest 4 Quarters
1. HLT MY	RM 926.71 million	RM 131.47 million	RM 149.07 million	RM 8.83 million
2. ATSY MY	RM 192.66 million	RM 72.45 million ^{1/}	RM 19.77 million	RM (15.35) million
3. APCS	Baht 3,286.80 million	Baht 2,902.02 million	Baht 2,344.93 million	Baht 29.30 million
4. TTCL	Baht 2,402.40 million	Baht 13,707.17 million	Baht 9,047.64 million	Baht (712.49) million
5. CAZ	Baht 422.80 million	Baht 1,596.27 million	Baht 2,342.17 million	Baht 67.69 million
6. PK	Baht 646.79 million	Baht 486.00 million	Baht 267.43 million	Baht 7.18 million
PSE	n.a.	Baht 710.79 million	Baht 1,621.25 million	Baht 17.85 million

Source: SETSMART, Bloomberg, and financial statement from companies' website

Remark: 1/ Financial information for the period ended March 31, 2020 from the 2020 annual report.

Summary of PSE share valuation

PSE	Average P/BV Ratio (time)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. HLT MY	15.08	14.47	13.89	14.49	11.87	10.31	7.54	4.71
2. ATSY MY	1.55	1.42	1.46	1.62	1.59	1.39	1.03	0.73
3. APCS	2.13	2.16	2.21	2.28	2.16	2.03	1.86	1.79
4. TTCL	0.95	0.96	0.97	0.86	0.85	0.84	0.80	1.13
5. CAZ	0.83	0.84	0.84	0.86	0.87	0.88	0.94	1.16
6. PK	0.52	0.53	0.49	0.51	0.52	0.49	0.43	0.52
Median of 6 companies	1.25	1.19	1.21	1.24	1.23	1.13	0.99	1.15
Value of PSE shares (Baht/share)	1,390.87	1,326.38	1,353.28	1,383.86	1,367.97	1,263.44	1,097.35	1,276.72
Firm value of PSE (Baht million)	695.44	663.19	676.64	691.93	683.99	631.72	548.68	638.36

Source: SETSMART and Bloomberg

Under this approach, PSE shares are in a range of **Baht 1,097.35 – 1,390.87 per share**, equivalent to the Firm Equity Value of **Baht 548.68 – 695.44 million**.

1.4 Price to Earnings Ratio Approach: P/E Ratio

By this approach, CapAd evaluated share value of PSE by using earnings per share of the Company as shown on the latest consolidated financial statements for the last 12-month period ended September 30, 2020, which were internal financial statements used by STA's auditor for preparing STA's consolidated financial statements for the 9-month period ended September 30, 2020, of Baht 15.70 per share, and multiplied by a median of the P/BV Ratio of 6 listed companies on the Stock Exchange of Thailand, the MAI, and Bursa Malaysia (MYX) who provide engineering services and installation of machinery and equipment for production facility. The information is for the period up to October 22, 2020. The details can be summarized as follows:

PSE	Average P/E Ratio (time)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. HLT MY	114.56	109.94	105.53	110.05	90.94	81.23	61.01	32.70
2. ATSY MY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3. APCS	98.04	99.43	101.81	87.62	68.41	56.02	41.01	26.28
4. TTCL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5. CAZ	6.03	6.08	6.12	6.18	6.09	6.06	6.29	8.18
6. PK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Median of 3 companies^{1/}	98.04	99.43	101.81	87.62	68.41	56.02	41.01	26.28
Value of PSE shares (Baht/share)	1,539.20	1,561.12	1,598.37	1,375.67	1,074.05	879.52	643.86	412.58
Firm value of PSE (Baht million)	769.60	780.56	799.19	687.83	537.03	439.76	321.93	206.29

Source: SETSMART and Bloomberg

Remark: 1/ P/E Ratios of ATSY, TTCL, and PK cannot be calculated due to their operating loss in the latest financial statement.

Under this approach, value of PSE shares is in a range of **Baht 412.58 – 1,598.37 per share**, equivalent to the Firm Equity Value of **Baht 186.25 – 560.38 million**.

1.5 Discounted Cash Flow Approach

This approach takes into account PSE's future operating performance by deriving present value of future cash flow streams using an appropriate discount rate. The IFA calculated the Weighted Average Cost of Capital (WACC) to be used as the discount rate and constructed a 8.25-year forecast of PSE's cash flow (Q4/2020 - 2028) based on an assumption that the Company's operation is on a going-concern basis without any significant changes under the current economic condition and circumstances.

The IFA has prepared a financial projection for PSE based on information and assumptions received from PSE and from interviews with its executives and concerned staff for the sole purpose of determining a fair value of PSE shares. If there is any material change in the overall economic condition and other internal and external factors that affect PSE's business operation from the assumptions used herein, fair value derived from this approach may change accordingly.

The major assumptions applied in the financial projection are as follows:

- PSE provides comprehensive engineering services including design, fabrication, and installation of machines and equipment for factories for companies in STA Group, where production technology and machines is crucial for creating quality products of STA Group.
- PSE has expertise in design, fabrication, and installation of production line for rubber glove manufacturers including machines for manufacturing of natural rubber.
- PSE has been turnkey EPC contractor for fabrication and installation of production machinery for all 3 rubber glove manufacturing factories of the Company (Total of 145 production lines with total installed capacity of 32.619 billion pieces per year) as well as 2 projects under construction, which is Surat 2 Branch Factory and Surat 3 Branch Factory (total 18 production lines and installed capacity of 6,169 million pieces per year, the construction was started in 2020).

▪ Revenue from Sale and Services

Revenue from sale and services in 2017 – 2019 amounted to Baht 1,081.21 million, Baht 1,427.92 million, and Baht 2,291.57 million respectively, representing an increase of 32.07% and 60.48% y-o-y respectively. The revenue from sale and services growth due primarily to an increase in revenue from STGT's capacity expansion projects.

During Q1/2020 – Q3/2020, revenue from sale and services were Baht 642.73 million, decrease by Baht 1,171.81 million or 64.58% comparing to the same period of prior year as PSE recognized major portion of revenue from EPC works for 2 rubber glove projects and a renovation project for STGT's latex glove production facility in 2019, while recognized remaining revenue of such projects in the Q1/2020 – Q3/2020.

In addition, there are 2 capacity expansion projects in progress (Surat 2 Branch Factory and Surat 3 Branch Factory), which is expected to complete within the Q4/2020 and early of 2021.

Projection of revenues from sale and services of PSE is as follows:

(Unit: Baht million)

PSE: Revenue	2018A	2019A	9M2020A	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
Revenue from fabrication and installation service - projects	806.78	1,758.41	171.69	314.57	1,944.90	3,303.05	3,356.48	3,311.09	3,338.26	3,152.33	688.80	688.80
Revenue from fabrication and installation service	349.95	248.40	230.36	302.38	251.81	256.57	261.42	266.36	271.40	276.53	281.75	287.08
Revenue from maintenance and cleaning services	95.03	108.86	98.92	129.01	127.57	171.60	213.09	253.22	294.07	338.46	367.55	382.40
Revenue from calibration services	13.72	12.08	10.44	13.74	14.00	14.27	14.54	14.81	15.09	15.38	15.67	15.97
Revenue from sale of raw material	162.38	163.83	131.33	153.58	87.25	88.90	90.58	92.29	94.04	95.82	97.63	99.47
Rental income	0.05	-	-	-	-	-	-	-	-	-	-	-
Revenue from sale and services	1,427.92	2,291.57	642.73	913.30	2,425.54	3,834.40	3,936.12	3,937.78	4,012.86	3,878.51	1,451.40	1,473.71
% growth of revenue from sale and services	32.07%	60.48%	-64.58%	-60.15%	165.58%	58.08%	2.65%	0.04%	1.91%	-3.35%	-62.58%	1.54%

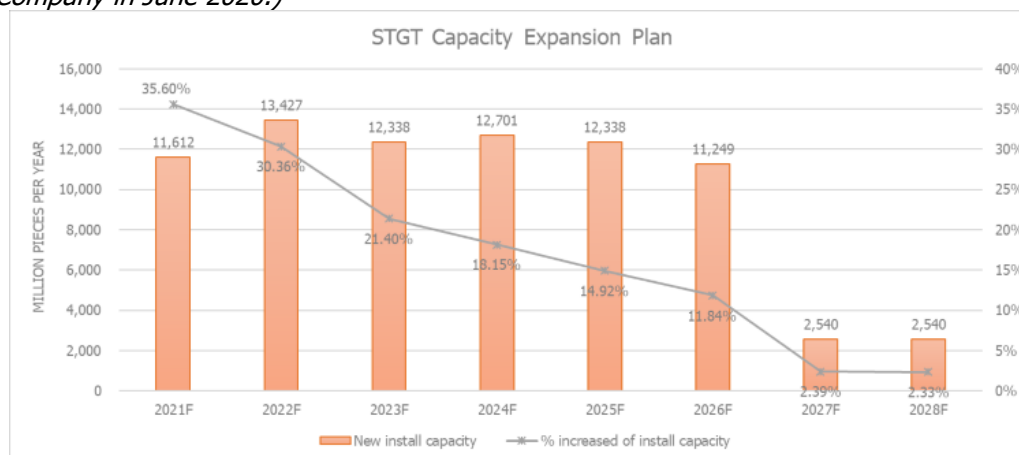
(a) Revenue from fabrication and installation service

Revenue from fabrication and installation service comprise of (1) revenue from projects, which is EPC work for design, procurement, fabrication, and installation of machines and equipment, (2) revenue from existing projects for replacement and improvement works of machines in order to increase production efficiency, and (3) R&D and automation work.

Revenue from fabrication and installation service in 2017 – 2019 and the Q1/2020 – Q3/2020 were Baht 757.52 million, Baht 1,156.73 million, Baht 2,006.81 million, and Baht 402.05 million respectively, represented 70.06%, 81.01%, 87.57% and 62.55% of revenue from sale and services respectively. Ratio of revenue from fabrication and installation service decreased in Q1/2020 – Q3/2020 due to the decrease of revenue from projects.

– Revenue from projects

In this financial forecast, the IFA has taken into consideration the expansion plan of PSE for the year 2020 – 2028. *(The current expansion plan of STGT is higher than those shown in the IPO Prospectus of the Company in June 2020.)*



Source: Expansion plan of STGT

STGT has total 12 expansion projects during 2020 – 2028 representing total of 218 production lines with total installed capacity of 78,750 million pieces per year. The Company would like to accelerate its production capacity expansion to capture high demand of rubber gloves, which is higher than normal growth of industry. *(Please find more detail in Part 3, Transaction 2, Clause 2.2.1 Rubber Glove Industry)*

Therefore, in 2020 – 2028, PSE shall have revenue from those 12 expansion projects as follows:

- (1) 2 projects under construction, Surat 2 Branch Factory and Surat 3 Branch Factory with 18 production lines with total capacity of 6,169 million pieces per year. Project costs of the 2 projects are at Baht 567.88 million based on contract value. However, average revenue per one million pieces of production capacity for Surat 2 Branch Factory and Surat 3 Branch Factory are lower than the remaining 10 projects as STGT proceeded some works for these 2 projects by itself during the first half of 2020.
- (2) The remaining 10 projects are expected to commence in 2021 – 2028. The 10 projects comprised of 200 production lines with total installed capacity of 72,581 million pieces per year. Estimated project cost is at Baht 19,330.18 million, representing the average revenue of Baht 0.27 million per one million pieces. The average revenue is estimated based on specifications of machines according to STGT's expansion plan as well as design from PSE. The average revenue per one million pieces of installed capacity of these 10 new projects is higher than those of former projects of STGT constructed in 2015 – 2019 (5 projects with average revenue of Baht 0.26 per one million pieces of installed capacity). Such higher average revenue stems from the assignment of work to PSE, requirement of specification of machinery, advance of technology, and level of automation implemented.

Estimated additional production lines of the Company during year 2021 – 2028 is summarized as follows:

STGT	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	Total
No. of production lines	33	37	34	35	34	31	7	7	218
Increase in installed capacity (million pieces/year)	11,612	13,427	12,338	12,701	12,338	11,249	2,540	2,540	78,745

– Revenue from fabrication and installation service (excluding revenue from projects)

In 2017 - 2019 and Q1/2020 – Q3/2020, revenue from fabrication and installation service (excluding revenue from projects) amounted to Baht 340.41 million, Baht 349.95 million, Baht 248.40

million, and Baht 230.36 million respectively. This revenue is variable to machines improvement plans of a company in STA Group and STGT.

For this financial forecast, the IFA assumed revenue from fabrication and installation service (excluding revenue from projects) for Q4/2020 at Baht 72.02 million, based on PSE's financial forecast considering ongoing works and estimation of additional works around the end of 2020.

In 2021, the IFA assumed revenue from fabrication and installation service (excluding revenue from projects) at Baht 20.50 million per month, which was equivalent to average revenue from fabrication and installation service in 2019 – 2020. In addition, the IFA assumed revenue from fabrication and installation service (excluding revenue from projects) in 2022 – 2028 to grow by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).

The IFA also assumed that there was no revenue from R&D and automation works in 2021 – 2028 as PSE plans to concentrate on project works.

(b) Revenue from maintenance and cleaning services

In 2017 – 2019, revenue from maintenance and cleaning services amounted to Baht 140.81 million, Baht 95.03 million, and Baht 108.86 million respectively, representing a decrease of 32.51% and increase of 14.55% y-o-y respectively.

In Q1/2020 – Q3/2020, revenue from maintenance and cleaning services were Baht 98.92, increased by 21.01% from the same period of prior year. This was mainly due to additional production lines of the Company.

In preparing this financial forecast, the IFA assumed that PSE's revenue from maintenance and cleaning services can be divided into 2 parts as follows:

- Revenue from maintenance and cleaning services for existing projects of STGT and STA: The IFA assumed revenue from maintenance and cleaning services for Q4/2020 amounting to Baht 10.03 million per month, equivalent to the average revenue from maintenance and cleaning services in 2019 – 9M/2020. The said amount should reflect current production lines of STGT where STGT intensively expanded during 2018 – 2019. In 2021 – 2028, the IFA assumed revenue from maintenance and cleaning services to grow by 1.89% per annum which equal to the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).
- Revenue from maintenance and cleaning services for the aforementioned 12 new capacity expansion projects of STGT: The IFA assumed revenue from maintenance and cleaning services of Baht 0.11 million/year/production line. However, PSE estimated revenue from maintenance and cleaning services for new projects at 85% of annual cleaning plan for all production lines as PSE assumed that the Company change its maintenance and cleaning schedule from time-to-time.

(c) Revenue from calibration services

In 2017 – 2019, revenue from calibration services amounted to Baht 14.92 million, Baht 13.72 million, and Baht 12.08 million respectively, representing a decrease of 8.01% and 11.99% y-o-y respectively.

In Q1/2020 – Q3/2020, revenue from calibration services were Baht 10.44 million, increased by 5.99% from the same period of prior year.

In preparing this financial forecast, the IFA assumed revenue from calibration services for Q4/2020 at Baht 1.10 million per month, equivalent to the average revenue from calibration service per month in 2018 – 2019 and 9M/2020 (in the range of Baht 1.01 – 1.16 million per month).

In 2021 – 2028, the IFA assumed revenue from calibration service per month to increase by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).

(d) Revenue from sale of raw material

Revenue from sale of raw material such as steel structure, stainless structure, sale/replacement of iron chain, and holder set. Most of revenue from sales of raw material is from STA Group's and STGT's projects.

In 2017 – 2019, revenue from sale of raw material amounted to Baht 161.36 million, Baht 162.38 million, and Baht 163.83 million respectively, representing an increase of 0.63% and 0.89% y-o-y respectively.

In Q1/2020 – Q3/2020, revenue from sale of raw material were Baht 131.33 million, increased by 5.04% from the same period of prior year. The increase in revenue was mainly from sale of iron chains and holder sets for new model of production lines.

In preparing this financial forecast, the IFA assumed revenue from sale of raw material for Q4/2020 at Baht 22.26 million based on work in progress and expected additional works to be delivered around the end of this year. In addition, PSE has a business plan to discontinue the sale of parts and standard raw material. Thus, STGT has to manage purchase of parts and standard raw material by itself.

Besides, the IFA assumed revenue from sale of raw material for 2021 at Baht 87.25 million, based on (1) the average revenue from sale of raw material in 2019 and 9M/2020 (excluding sale of raw material from discontinued business unit) of Baht 4.84 million per month, and (2) sale of iron chain and holder set, which was designed by PSE, of Baht 29 million (assumed change of iron chain and holder set for 4 production lines per year).

In 2022 – 2028, the IFA assumed revenue from sale of raw material to increase by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).

▪ **Other incomes**

Other incomes comprised of revenue from sale of scrap, sale of assets, rental income, and other incomes. In 2017 – 2019 and Q1/2020 – Q3/2020, other incomes amounted to Baht 5.60 million, Baht 3.23 million, Baht 8.77 million, and Baht 3.89 million respectively, equivalent to 0.52%, 0.23%, 0.38% and 0.61% of revenue from sale and services respectively. Other incomes in 2019 was higher than those of 2018 and 2020 as PSE recognized rental income of space for IT work but no longer generate such income at present.

In this financial projection, the IFA assumed other revenues to be 0.38% of revenue from sales and services, equal to the average ratio of other revenues to revenue from sales in 2017 – 2019 and Q1/2020 – Q3/2020 (excluding rental income of space for IT work which was a one-time transaction).

▪ **Cost of sale and services (excluding depreciation and amortization expenses)**

Cost of sale and services comprised of raw material cost, labor costs, utility expenses, rental fees, repair and maintenance expenses, and other operating expenses.

In 2017 – 2019 and Q1/2020 – Q3/2020, cost of sale and services amounted to Baht 929.73 million, Baht 1,288.42 million, Baht 2,167.83 million, and Baht 572.37 million respectively, equivalent to 85.99%, 90.23%, 94.60%, and 89.05% of revenue from sale and services respectively. An increase in ratio of cost of sale and services to revenue from sale and services in 2019 due mainly from cost of Hat Yai 4 Project where details of the project were modified but PSE did not increase the price. The management of PSE viewed that Hat Yai 4 Project was a big project, thus, even profit margin was decreased, total profit amount was in acceptable range.

In this financial projection, the IFA considered historical information of PSE and key assumptions are as follows:

- Cost of fabrication and installation for projects was assumed at 93.80% of revenue from projects, which was equivalent to the average ratio of cost of projects to revenue from projects in 2017 – 2019 and Q1/2020 – Q3/2020.
- Cost of fabrication and installation for other works was assumed at 91.10% of revenue from fabrication and installation for other works, which was equivalent to the average ratio of cost of fabrication and installation for other works to revenue from fabrication and installation for other works in 2017 – 2019 and Q1/2020 – Q3/2020.
- Cost of maintenance and cleaning services for existing projects was assumed at 90.14% of revenue from maintenance services and 80.22% of revenue from cleaning services, which was equivalent to ratio of cost of maintenance services to revenue from maintenance services and ratio of cost of cleaning services to revenue from cleaning services in Q1/2020 – Q3/2020 as cost of maintenance and cleaning services tend to decrease from economy of scale resulted from additional production lines of the Company in the past few years.
- Cost of maintenance and cleaning services for new projects was assumed at 82.14% of revenue from maintenance and cleaning services, which was equivalent to ratio of cost of maintenance and cleaning services to revenue from maintenance and cleaning services in Q1/2020 – Q3/2020.
- Cost of calibration services was assumed at 75.48% of revenue from calibration services, which was equivalent to average ratio of cost of calibration services to revenue from calibration services in 2017 – 2019 and Q1/2020 – Q3/2020.

- Cost of sale of raw material was assumed at 89.64% of revenue from sale of raw material, which was equivalent to average ratio of cost of sale of raw material to revenue from sale of raw material in 2017 – 2019 and Q1/2020 – Q3/2020.

The projection of costs of sale and services of PSE is as follows:

(Unit: Baht million)

PSE: COGS	2018A	2019A	9M2020A	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
Cost of fabrication and installation - projects	733.35	1,707.69	164.07	298.10	1,824.32	3,098.26	3,148.38	3,105.80	3,131.29	2,956.88	646.09	646.09
Cost of fabrication and installation	331.82	220.41	209.24	273.24	229.40	233.74	238.16	242.66	247.24	251.92	256.68	261.53
Cost of maintenance and cleaning services	78.39	94.45	81.25	106.01	104.91	141.09	175.17	208.13	241.69	278.16	302.05	314.25
Cost of calibration services	9.68	9.87	7.75	10.24	10.57	10.77	10.97	11.18	11.39	11.61	11.83	12.05
Cost of sale of raw material	135.17	135.40	110.05	130.00	78.21	79.69	81.20	82.73	84.30	85.89	87.51	89.17
Cost of sale and services – (excl. depreciation)	1,288.42	2,167.83	572.37	817.58	2,247.42	3,563.55	3,653.88	3,650.51	3,715.91	3,584.46	1,304.17	1,323.10
Depreciation and amortization expenses	19.79	19.78	13.76	18.34	21.17	16.94	14.27	10.71	9.06	8.01	7.21	7.31
Cost of sale and services - net	1,308.21	2,187.61	586.13	835.93	2,268.59	3,580.49	3,668.15	3,661.21	3,724.97	3,592.47	1,311.38	1,330.40
Gross profit margin (excl. depreciation)	9.77%	5.40%	10.95%	10.48%	7.34%	7.06%	7.17%	7.30%	7.40%	7.58%	10.14%	10.22%
Gross profit margin - net	8.38%	4.54%	8.81%	8.47%	6.47%	6.62%	6.81%	7.02%	7.17%	7.38%	9.65%	9.72%

▪ **Selling expenses**

In 2017 – 2019 and Q1/2020 – Q3/2020, selling expenses amounted to Baht 4.07 million, Baht 5.47 million, Baht 3.49 million, and Baht 1.98 million respectively, equivalent to 0.38%, 0.38%, 0.15%, and 0.31% of revenue from sale and services respectively.

In this financial projection, the IFA assumed selling expenses to be 0.30% of revenue from sales and services, which was equal to the average ratio of selling expenses to revenue from sales in 2017 – 2019 and Q1/2020 – Q3/2020.

▪ **Administrative expenses**

Administrative expenses comprise of employee salary, bonus, transportation expenses, utility expenses, repair and maintenance expenses, audit fees, R&D costs, office supply, office services and equipment, local tax, property tax, depreciation and amortization cost, and other operating expenses.

Administrative expenses amounted to Baht 73.21 million, Baht 77.16 million, and Baht 72.18 million in 2017 - 2019 respectively, representing an increase of 5.25% and a decrease 6.45% y-o-y respectively. An increase in administrative expenses in 2018 due mainly to the increasing in R&D expenses, while the decrease in administrative expenses in 2010 due mainly to decreasing in loss from impairment of inventory and doubtful account.

Administrative expenses in Q1/2020 – Q3/2020 was at Baht 51.20 million, decreased by 3.65% from previous year. Such decrease due mainly to a decrease in transportation expenses and import duty fee.

The IFA has made this financial projection based on the assumptions for administrative expenses as follows:

- Employee expenses in 2020 were estimated at Baht 41.15 million, based on annualized employee expenses of Q1/2020 – Q3/2020. Employee expenses in 2021 was assumed at Baht 33.10 million, decreased by approximately Baht 9 million from organizational restructuring by transfer of employees in natural rubber quality control department to a company in STA Group. In 2022 - 2028, employee expenses were assumed to increase by 3.00% per annum based on PSE's policy.
- Transportation expenses in 2020 were estimated at Baht 2.06 million, based on annualized transportation expenses of Q1/2020 – Q3/2020. Transportation expenses in 2021 were assumed at Baht 1.01 million, decreased by approximately Baht 1.10 million from organizational restructuring.

In 2022 - 2028, transportation expenses were assumed to increase by 1.89% per annum based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).

- Repair and maintenance expenses in 2021 were estimated at Baht 0.84 million, based on the annualized repair and maintenance expenses of Q1/2020 – Q3/2020. Repair and maintenance expenses in 2021 were assumed at Baht 3.44 million, which was equivalent to the average repair and maintenance expenses in 2017 – 2020F.

In 2022 – 2028, repair and maintenance expenses were assumed to increase by 1.89% per annum based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).

- R&D expenses for 2020 were estimated at Baht 4.66 million, based on the annualized R&D expenses of Q1/2020 – Q3/2020. In 2021 – 2028, R&D expenses were assumed to increase by 1.89% per annum based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).
- Office service expenses for 2020 were estimated at Baht 7.89 million, based on the annualized office service expenses of Q1/2020 – Q3/2020. In 2021 – 2028, office service expenses were assumed to increase by 1.89% per annum based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).
- Utility expenses for 2020 were estimated at Baht 1.93 million, based on the annualized utility expenses of Q1/2020 – Q3/2020. In 2021 – 2028, utility expenses were assumed to increase by 1.89% per annum based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).
- Other expenses such as office supply, audit fee, rental fee, other fees, local tax, property tax, and other expenses for 2020 were estimated based on the annualized expenses of Q1/2020 – Q3/2020. In 2021 - 2028, such expenses are assumed to increase by 1.89% per annum base on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).

The projection of selling and administrative expenses of PSE is as follows:

(Unit: Baht million)

PSE: SG&A	2018A	2019A	9M2020A	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
Selling expenses	5.47	3.49	1.98	2.79	7.28	11.50	11.81	11.81	12.04	11.64	4.35	4.42
% selling expenses to revenue from sale and services	0.38%	0.15%	0.31%	0.31%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Administrative expenses												
Employee expenses	37.58	37.79	30.87	41.15	33.10	34.10	35.12	36.17	37.26	38.38	39.53	40.71
Transportation expense	4.78	4.13	1.54	2.06	1.01	1.03	1.05	1.07	1.09	1.11	1.13	1.15
Repair and maintenance	6.55	0.68	0.63	0.84	3.44	3.51	3.57	3.64	3.71	3.78	3.85	3.92
R&D expenses	6.72	4.96	3.50	4.66	4.75	4.84	4.93	5.02	5.12	5.21	5.31	5.41
Office services expenses	3.68	9.20	5.92	7.89	8.04	8.19	8.35	8.50	8.66	8.83	8.99	9.16
Utility expenses	1.98	1.90	1.42	1.90	1.93	1.97	2.01	2.04	2.08	2.12	2.16	2.20
Other expenses	12.15	10.34	5.16	6.88	6.89	7.02	7.16	7.29	7.43	7.57	7.71	7.86
Depreciation and amortization expenses	3.72	3.18	2.17	2.89	3.50	4.33	4.35	4.41	4.79	4.22	2.64	2.64
Total administrative expenses	77.16	72.18	51.20	68.27	62.66	64.98	66.53	68.15	70.14	71.21	71.33	73.07
% administrative expenses to revenue from sale and services	5.40%	3.15%	7.97%	7.47%	2.58%	1.69%	1.69%	1.73%	1.75%	1.84%	4.91%	4.96%

▪ **Financial cost**

Financial costs consist of interest on short-term loans from related party and liabilities under financial lease. As of September 30, 2020, there were short-term loans from related party of Baht 80.00 million and liabilities under financial lease of Baht 3.00 million. Interest on short-term loans is approximately 1.50% per annum.

In addition, PSE has planned to borrow additional loans amounted to Baht 120.00 million. At present, PSE received term sheet from financial institution with interest rate of approximately 1.50% per annum.

▪ **Corporate income tax**

The IFA assumed a corporate income tax rate of 20% throughout the projection period.

▪ **Capital expenditure**

PSE estimated investment for painting mill in 2021 and additional investments in 2022 – 2028 as follows:

(Unit: Baht million)

PSE: Capital expenditure	Depreciation year	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
Building	10 – 40 yrs.	13.27	0.50	1.42	0.50	-	-	-	-
Machines and equipment	5 – 10 yrs.	12.62	2.19	1.70	2.20 ^{1/}	2.20 ^{1/}	2.20 ^{1/}	2.20 ^{1/}	2.20 ^{1/}
Vehicle and office equipment	5 yrs.	3.16	8.19	0.30	0.30	1.90	0.30	0.30	0.30
Software	5 yrs.	4.03	7.32	-	-	-	-	-	-
Total		33.08	18.19	3.42	3.00	4.10	2.50	2.50	2.50

Remark: 1/ The IFA assumed additional capital expenditure for machines and equipment at Baht 2.00 million per year.

▪ **Current assets and current liabilities turnover**

Projection is made based on historical data of PSE in 2017 - 2019 and Q1/2020 – Q3/2020 as follows:

Trade and other accounts receivable	42 days on average
Inventories and work in progress	40 days on average
Trade and other accounts payable	34 days on average
Advance receivables	approximately 30% of contract price

Summary of the financial projection of PSE for Q4/2020 and 2021 - 2027 is as follows:

(Unit: Baht million)

Statement of Income	Q4/2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F ^{1/}
Revenue from sale and services	270.56	2,425.54	3,834.40	3,936.12	3,937.78	4,012.86	3,878.51	1,451.40	1,473.71
Cost of sale and services	(249.80)	(2,268.59)	(3,580.49)	(3,668.15)	(3,661.21)	(3,724.97)	(3,592.47)	(1,311.38)	(1,330.40)
Gross profit	20.76	156.96	253.91	267.97	276.57	287.89	286.04	140.02	143.31
Total revenue	271.59	2,434.71	3,848.89	3,950.99	3,952.66	4,028.02	3,893.17	1,456.88	1,479.28
Selling expenses	(0.81)	(7.28)	(11.50)	(11.81)	(11.81)	(12.04)	(11.64)	(4.35)	(4.42)
Administrative expenses	(17.07)	(62.66)	(64.98)	(66.53)	(68.15)	(70.14)	(71.21)	(71.33)	(73.07)
EBIT	3.91	96.18	191.92	204.51	211.48	220.88	217.85	69.82	71.39
EBITDA	9.22	121.65	215.45	225.39	228.86	236.99	231.54	79.67	81.34
Net profit	2.99	76.23	153.15	164.46	170.76	178.31	175.83	56.44	57.71
Statement of Financial Position	Q4/2020F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F
Total Assets	951.25	2,241.35	1,737.39	2,056.60	2,060.66	2,661.71	2,086.14	1,930.09	1,989.57
Total Liabilities	391.27	1,605.13	948.03	1,102.78	936.08	1,358.82	607.42	394.94	396.71
Shareholders' equity	559.98	636.21	789.36	953.82	1,124.58	1,302.88	1,478.71	1,535.15	1,592.86

▪ **Terminal value growth**

The IFA assumed terminal value growth of 0.00% per annum.

▪ **Discount rate**

The IFA has adopted the weighted average cost of capital (WACC), derived from a weighted average of cost of debt (K_d) and cost of equity (K_e), as a discount rate for the calculation of present value of net cash flow of PSE, as follows:

$$WACC = K_e * E / (D + E) + K_d * (1 - T) * D / (D + E)$$

K_e = Cost of equity or required rate of return (R_e)

K_d = Cost of debt or interest rate on loan of PSE

T = Corporate income tax

E = Total shareholders' equity

D = Interest-bearing debt

Cost of equity (K_e) or required rate of return (R_e) is calculated by using the capital asset pricing model (CAPM) as follows:

$$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f)$$

Where:

Risk free rate (R_f) = 2.18% per annum based on 30-year government bond yield (information as of October 22, 2020), which is currently the longest government bond continually issued and offered in the market under the assumption that the business is on a going concern basis

Beta (β)	=	0.71 – 0.89 time, based on the average unlevered beta of 11 listed companies on the SET, the MAI, the Bursa Malaysia (MYX), and the Singapore Exchange (SGX) (average over the past one year up to October 22, 2020) comprised of (1) 6 companies ²² operating business of engineering services and installation of machines and equipment for production facility, and (2) 5 companies ²³ operating business of manufacturing and distribution of rubber glove products. As the majority of PSE's revenues derive from engineering services provided to STGT (a rubber glove manufacturing business), business of PSE should be impacted by growth and expansion plans of STGT and the rubber glove industry. Therefore, the IFA applied beta of both industries, and adjusted by the future interest-bearing debt to equity ratio of PSE.
Market risk (R_m)	=	12.17% per annum, which is the average annual rate of return on investment in the SET over the past 28 years from 1992 to 2019 (period from the enforcement of the Securities and Exchange Act B.E. 2535) as it is the most suitable period to reflect the average rate of return from the SET
K_d	=	1.50% per annum, which is equal to the current interest rate on loan of PSE
D/E ratio	=	0.00 – 0.32 time, which is equal to the estimated interest-bearing debt to equity ratio of PSE throughout the projection period
T	=	The assumed corporate income tax rate of 20% per annum

Based on the above assumptions and using WACC of 8.69% – 9.27% per annum as the discount rate, PSE's future cash flow can be projected as follows:

(Unit: Baht million)

PSE: Scenario 1	Q4/2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
EBIT	4.04	97.39	193.83	206.48	213.45	222.88	219.79	70.55	72.13
Corporate income tax	(0.75)	(19.06)	(38.29)	(41.12)	(42.69)	(44.58)	(43.96)	(14.11)	(14.43)
Depreciation and amortization	5.31	25.47	23.53	20.89	17.38	16.12	13.69	9.85	9.94
Working capital	322.75	709.72 ^{1/}	(920.64) ^{2/}	249.95	(167.10)	404.44	(718.64) ^{3/}	379.33	(3.67)
Capital expenditures	(3.75)	(33.08)	(18.19)	(3.42)	(3.00)	(4.10)	(2.50)	(2.50)	(2.50)
Free Cash Flow to Firm	327.60	780.44	(759.75)	432.78	18.04	594.76	(531.62)	443.12	61.48
PV of FCF	320.65	702.78	(627.95)	327.37	12.49	376.82	(308.25)	235.14	29.86

Remark: 1/ Working capital increases mainly from advance receivables from 3 projects, totaling of 56 production lines, where the construction will commence in 2021.

2/ Working capital decreases mainly from advance receivables of the projects delivered in 2022 of approximately 37 production lines.

3/ Working capital decreases mainly from advance receivables of the projects delivered in 2026 of approximately 31 production lines.

PSE: Scenario 1 (Base case)	(Baht million)
PV of FCF	1,068.90
PV of Terminal Value	322.13
PV of total free cash flow	1,391.04
Add: Cash and cash equivalent as of September 30, 2020	73.06 ^{1/}
Less: Interest-bearing debt as of September 30, 2020	(83.00) ^{1/}
Net present value of free cash flow	1,381.10^{2/}
Total number of paid-up shares as of September 30, 2020 (shares)	500,000 ^{2/}
Net present value of free cash flow (Baht/share)	2,762.19

Remark: 1/ Cash and cash equivalents of Baht 73.06 million was derived from PSE's financial statements for the 9-month period ended September 30, 2020, which were its internal financial statements used by STA's auditor for preparing STA's consolidated financial statements.

2/ Interest-bearing debt consists of short-term loans from financial institutions of Baht 80.00 million and liabilities under financial lease of Baht 3.00 million according to PSE's financial statements for the 9-month period ended September 30, 2020, which were its internal financial statements used by STA's auditor for preparing STA's consolidated financial statements.

3/ Par value of Baht 100.00 per share.

²² Peer group with business of engineering services and installation of machines and equipment for production facility are HLT Global Bhd., AT Systematization Berhad, Asia Precision PCL., TTCL PCL., CAZ (Thailand) PCL., and Patkol PCL. (Please find details of business operation of peer group in Part 3 Clause 1.3 of this report)

²³ Top 5 global rubber glove manufacturers companies comprised of 4 listed companies in the Bursa Malaysia, namely, Top Glove Corporation Bhd., Supermax Corp. Bhd., Kossan Rubber Industries Bhd., and Hartalega Holdings Bhd., and one listed company in the Singapore Stock Exchange, namely, Riverstone Holdings Limited. (The IFA has not considered Beta of STGT since STGT was listed on the SET on July 2, 2020 where trading of STGT shares is less than 360 business days.)

Under this approach, value of PSE shares is at Baht 2,762.19 per share and the Firm Equity Value is at Baht 1,381.10 million.

Scenario 2: PSE has no revenue from new project after 2028.

The IFA has conducted a scenario analysis by assuming that PSE has no revenue from new projects after 2028 and extended the projection period for another 2 years (2029 – 2030) in order for cash flow of the last projection year to properly reflect terminal value according to the assumption that there is no new project after 2028. Summary of cash flow from this scenario is as follows:

(Unit: Baht million)

PSE: Scenario 2	Q4/ 2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
EBIT	4.04	97.39	193.83	206.48	213.45	222.88	219.79	70.55	72.13	28.62	29.38
Corporate income tax	(0.75)	(19.06)	(38.29)	(41.12)	(42.69)	(44.58)	(43.96)	(14.11)	(14.43)	(5.72)	(5.88)
Depreciation and amortization	5.31	25.47	23.53	20.89	17.38	16.12	13.69	9.85	9.94	10.14	9.65
Working capital	322.75	709.72 ^{1/}	(920.64) ^{2/}	249.95	(167.10)	404.44	(718.64) ^{3/}	379.33	(3.67)	(101.23)	(2.41)
Capital expenditures	(3.75)	(33.08)	(18.19)	(3.42)	(3.00)	(4.10)	(2.50)	(2.50)	(2.50)	(2.50)	(2.50)
Free Cash Flow to Firm	327.60	780.44	(759.75)	432.78	18.04	594.76	(531.62)	443.12	61.48	(70.69)	28.25
PV of FCFF	320.65	702.78	(627.95)	327.37	12.49	376.82	(308.25)	235.14	29.86	(31.42)	11.49

Remark: 1/ Working capital increases mainly from advance receivables of 3 projects with a total of 56 production lines, where the construction will commence in 2021.

2/ Working capital decreases mainly from advance receivables of the projects to be delivered in 2022 with approximately 37 production lines.

3/ Working capital decreases mainly from advance receivables of the projects to be delivered in 2026 with approximately 31 production lines.

PSE: Scenario 2	(Baht million)
PV of FCFF	1,048.98
PV of Terminal Value	123.98
PV of total free cash flow	1,172.96
Add: Cash and cash equivalent as of September 30, 2020	73.06
Less: Interest-bearing debt as of September 30, 2020	(83.00)
Net present value of free cash flow	1,163.02
Total number of paid-up shares as of September 30, 2020 (shares)	500,000
Net present value of free cash flow (Baht/share)	2,326.04

Summary of scenario analysis is as follows:

	PSE
Scenario 1: PSE generates revenue from new projects after 2028 (Base case)^{1/}	
Share value of PSE (Baht per share)	2,762.19
Firm Equity Value of PSE (Baht million)	1,381.10
Scenario 2: PSE generates no revenue from new projects after 2028^{2/}	
Share value of PSE (Baht per share)	2,326.04
Firm Equity Value of PSE (Baht million)	1,163.02

Remark: 1/ Assumed that from 2028 onwards, STGT has continuously increased its production capacity by new 7 production lines each year or approximately increase its production capacity by 2% - 3% per annum.

2/ Assumed that STGT has no expansion plan after 2028. Therefore, PSE will only generate revenue from existing projects such as replacement/modification of exiting lines.

From the scenario analysis, value of PSE shares is in a range of Baht 2,326.04 – 2,762.19 per share and its firm value is at Baht 1,163.02 – 1,381.10 million.

The above share valuation is conducted based on the assumptions obtained from the Company and PSE and under the existing economic environment and present circumstances. As such, any changes to PSE's business plans and policies, including the public sector's policy, or any altering economic environment or unusual incident could lead to a significant difference from the existing business operation of PSE or a deviation from the projection or the variables adopted and, hence, a material change in the projection prepared under the aforementioned assumptions and a relative change in the appraised value of PSE shares.

Additional Analysis: The Case that the Company Maintains its Employment of PSE in the Future without Acquisition of PSE

The IFA has future analyzed the case that the Company does not acquire PSE shares. As such, the Company shall have to employ PSE to design, fabricate, and install machines and equipment for its capacity expansion projects in the future. In this case, additional profit of PSE shall be recognized by STA as a major shareholder of PSE.

Thus, the IFA evaluated gross profit from EPC of capacity expansion projects in which the Company has to pay to PSE. The IFA considered only profit that PSE shall receive from the Company's capacity expansion projects and revenue from maintenance and cleaning services of new projects (which are core revenue of PSE). Revenue from other services provided to existing production lines of the Company and estimated revenue from sale of raw material to new projects (which are not core revenue of PSE) are excluded in this analysis.

Summary of estimated gross profit of PSE to be received from the Company or estimated profits that the Company has to pay to PSE for the new capacity expansion projects is as follows:

(Unit: Baht million)

PSE: Additional Analysis^{1/}	Q4/ 2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
Project's gross profit margin: 4.54%									
Total gross profit from new projects ^{2/}	6.49	89.18	158.29	167.70	172.37	180.47	179.51	72.40	74.59
PV of gross profit from new projects	6.35	80.30	130.83	126.85	119.33	114.34	104.08	38.42	36.22
Project's gross profit margin: 6.20% (Base case)									
Total gross profit from new projects ^{3/}	8.86	121.46	213.12	223.42	227.34	235.88	231.83	83.84	86.02
PV of gross profit from new projects	8.67	109.38	176.15	169.00	157.38	149.45	134.42	44.49	41.78
Project's gross profit margin: 8.00%									
Total gross profit from new projects ^{4/}	11.43	156.47	272.57	283.83	286.94	295.97	288.58	96.23	98.42
PV of gross profit from new projects	11.19	140.90	225.29	214.70	198.64	187.52	167.33	51.07	47.80
Project's gross profit margin: 10.00%									
Total gross profit from new projects ^{5/}	14.29	195.37	338.63	350.96	353.16	362.73	351.62	110.01	112.20
PV of gross profit from new projects	13.98	175.93	279.89	265.48	244.49	229.82	203.88	58.38	54.49

Remark: 1/ The IFA considered only profit that PSE shall receive from the Company's capacity expansion projects and revenue from maintenance and cleaning services of new projects.

In every case, the IFA assumed gross profit margin of maintenance and cleaning services at 17.86% of revenue from maintenance and cleaning services of new projects (Please find details of relevant assumptions in Part 1 Transaction 1 Clause 1.6 of this report).

2/ Assumed gross profit margin of fabrication and installation service of new projects of 4.54% of revenue from fabrication and installation services, based on gross profit margin of PSE in 2019.

Gross profit margin of PSE in 2017 – 2019 and Q1/2020 – Q3/2020 were at 11.72%, 8.38%, 4.54%, 8.81% of revenue from sale and services respectively.

3/ Assumed gross profit margin of fabrication and installation service for projects (Base case) of 6.20% of revenue from fabrication and installation service (excluding depreciation) (Please find details of relevant assumptions in Part 3 Transaction 1 Clause 1.6 of this report).

4/ Assumed gross profit of fabrication and installation service for projects of 8.00% of revenue from fabrication and installation service, which is close to gross profit margin of PSE in 2018.

5/ Assumed gross profit of fabrication and installation service for projects of 10.00% of revenue from fabrication and installation service, which is a slightly lower than gross profit margin of PSE in 2017.

Total present value of gross profit that PSE shall receive from the Company for the provision of services to new projects according to the Company's capacity expansion plan under several scenarios are as follows:

(Unit: Baht million)

PSE: Additional Analysis	Gross Profit Margin of Fabrication and Installation Services - Projects			
	4.54%	6.30% (Base Case)	8.00%	10.00%
Total PV of gross profit of PSE from new projects	756.73	990.71	1,244.43	1,526.34
PV of Terminal Value	390.82	450.73	515.69	587.87
Total PV of gross profit of PSE from new projects according to the Company's capacity expansion plan	1,147.55	1,441.44	1,760.12	2,114.20

Remark: In 2017 – 2019 and Q1/2020 – Q3/2020, PSE had gross profit margin of 11.72%, 8.38%, 4.54%, and 8.81% of revenue from sale and services respectively.

Excluding revenue from other services provided to existing production lines of the Company and estimated revenue from sale of raw material to new projects of PSE.

From the table above, total PV of gross profit of PSE from new projects according to the Company's capacity expansion plan under several scenarios are in the range of Baht 1,147.55 – 2,114.20 million.

If the Company does not acquire PSE shares at this time but still employ PSE for its design, fabrication, and installation services for new capacity expansion projects in the future, PV of gross profit of PSE under various gross profit margin of Baht 1,147.55 – 2,114.20 million (or profit that the Company shall pay to STA as direct and indirect major shareholder of PSE) is higher than acquisition price of PSE shares that the Company shall pay to STA and its subsidiaries at this time.

1.6 Summary of the Independent Financial Advisor's Opinion on the Acquisition Price of PSE Shares

Value of PSE shares derived from various valuation approaches can be summarized in the table below:

PSE	Value of PSE Shares	Firm Equity Value of PSE	Acquisition price of PSE Shares ^{1/}	Higher (Lower) Than Acquisition Price of PSE Shares	
	(Baht/share)	(Baht million)	(Baht million)	(Baht million)	(%)
	(1)	(2)	(3)	(4) = (2)-(3)	(5) = (4)/(3)
Book Value Approach	1,113.97	556.98	1,120.00	(563.02)	(50.27)%
Adjusted Book Value Approach	1,262.29	631.14	1,120.00	(488.86)	(43.65)%
Market Value Approach	n.a.	n.a.	1,120.00	n.a.	n.a.
Price to Book Value Ratio Approach	1,097.35 – 1,390.87	548.68 – 695.44	1,120.00	(571.32) – (424.56)	(51.01)%-(37.91)%
Price to Earnings Ratio Approach	412.58 – 1,598.37	206.29 – 799.19	1,120.00	(913.71) – (320.81)	(81.58)%-(28.64)%
Discounted Cash Flow Approach	2,326.04 – 2,762.19	1,163.02 – 1,381.10	1,120.00	43.02 – 261.10	3.84% - 23.31%

Remark: 1/ Acquisition price of 499,996 ordinary shares of PSE shares at par value of Baht 100 per share, equivalent to 99.9992% of total shares with voting rights of PSE, at a total value of Baht 1,120.00 million.

As shown in the above table, the Firm Equity Value of PSE derived from various valuation approaches is in a range of Baht 206.29 – 1,381.10 million.

The Book Value Approach reflects operating results and status of PSE at a given period based on its past performance, without taking into account its real asset value and future profitability, as well as the overall economic and industry outlook. Thus, the valuation of PSE's shares using this approach could not reflect its actual value.

The Adjusted Book Value Approach, under which adjustments are made to certain accounting items, reflect current market value of PSE's assets better than the Book Value Approach. This approach reflects market value of assets, tax saving from losses carried forward, and events after the financial statement date which is profit from property appraisal in this case. However, it does not reflect future profitability of PSE. Therefore, share valuation under the Adjusted Book Value Approach might not reflect an appropriate value of PSE.

The IFA cannot evaluate value of PSE shares under the Market Value Approach because PSE is not listed on the SET or any other secondary market, hence, there is no reference market value available.

The Price to Book Value Ratio Approach estimates value of PSE's shares using past financial figures to compare with P/BV Ratios of 6 comparable companies listed on the Stock Exchange of Thailand, the MAI, and Bursa Malaysia who operate similar business of engineering services and installation of machinery and equipment for production facility to PSE. However, only HLT Global Bhd. has similar business involving the design, fabrication, installation, testing and commissioning of production lines to PSE. Thus, the reference ratios of the 6 comparable listed companies are not an appropriate benchmark for determination of fair value of PSE shares. Besides, book value represents past operating performance which may not reflect future profitability of PSE. Therefore, share valuation under this approach might not reflect an appropriate value of PSE.

The Price to Earnings Ratio Approach uses historical data on earnings per share over 12-month period ended September 30, 2020 which is past performance of PSE to compare with P/E ratios of 6 comparable companies listed on the Stock Exchange of Thailand, the MAI, and Bursa Malaysia who operate similar business of engineering services and installation of machinery and equipment for production facility to PSE. Nonetheless, the IFA deems that share valuation by this approach may not reflect an appropriate value of PSE, based on the same reasons as described in the foregoing paragraph.

The Discounted Cash Flow Approach analyzes the historical operating results, cash flow generating ability, and future operating performance of PSE. The approach calculates future cash flow stream from financial projection based on assumptions provided by the Company and PSE under the current economic condition and circumstances. If there is any change that will materially affect the said assumptions, the future operating results of PSE might not be as projected or the variables used in the share valuation might change accordingly, hence, leading to a relative change in the share value.

CapAd is of the opinion that the most appropriate approach to value PSE shares is the Discounted Cash Flow Approach as it reflects future profitability of PSE while other valuation approaches do not take into account the future profitability. Conclusively, **CapAd views that fair value of PSE shares is equal to Baht 1,163.02 – 1,381.10 million, higher than the acquisition price by Baht 43.02 – 261.10 million or higher by 3.84% – 23.31% than the acquisition price. Thus, acquisition price of PSE shares of Baht 1,120.00 million is considered appropriate.**

Transaction 2: Acquisition of Ordinary Shares of Sadao P.S. Rubber Co., Ltd. (PS)

Objective of an investment in Sadao P.S. Rubber Co., Ltd. (PS) is to acquire land for construction of a new latex glove production facility of the Company located at Sadao District, Songkhla Province ("Sadao 1 Branch Project"). At the present, PS has no business operation and demolished all of its building and construction facilities from PS's land. The remaining assets of PS are land, land improvement, and some constructions on the land areas of 89-2-94 rai located at Sadao Sub-district, Sadao District, Songkhla Province.

In valuation of fair value of the ordinary shares of PS, the IFA applied the following valuation approaches:

1) Valuation of fair value of ordinary shares of PS using 2 valuation approaches as follow:

- Book Value Approach
- Adjusted Book Value Approach

The IFA did not evaluate value of ordinary shares of PS by using the Market Value Approach, Price to Book Value Ratio Approach, the Price to Earnings Ratio Approach and the Discounted Cash Flow Approach since PS is not listed on the SET or any other secondary market and, hence, there is no reference market value available. In addition, PS currently has no business operation and dissolved its existing business including demolished all of its building and construction facilities.

2) In the assessment of appropriateness of investment in Sadao 1 Branch Project, the IFA applied the Discounted Cash Flow Approach to determine free cash flow of Sadao 1 Branch Project to calculate:

- Internal Rate of Return ("IRR") of Sadao 1 Branch Project
- Net Present Value ("NPV") of Sadao 1 Branch Project by using weighted average cost of capital ("WACC") of the Company as a discount rate, and
- Payback Period ("PB") of Sadao 1 Branch Project

Sadao 1 Branch Project has been approved by the Board of Directors' meeting of the Company and was one of the Company's business expansion plan as disclosed in the IPO Prospectus of the Company since June 2020.

Summary of the valuation are as follows:

2.1 Valuation of PS Ordinary Shares

2.1.1 Book Value Approach

This approach demonstrates book value of the ordinary shares of PS at a certain point in time. Here, the valuation is based on book value of PS derived from its latest financial statements as of September 30, 2020, which were its internal financial statements used by the STA's auditor for preparing the Company consolidated financial statements for the 9-month period ended September 30, 2020. The calculation of book value of PS shares according to such financial statements is as shown below:

PS	(Unit: Baht million)
Issued and paid-up capital	40.00
Unappropriated retained earnings	10.46
Surplus from property appraisal - net	45.32
Total shareholders' equity	95.78
Total number of paid-up shares as of September 30, 2020 (shares)	400,000 ^{1/}
Book value per share (Baht/share)	239.44

Remark: 1/ Par value of Baht 100.00 per share.

Under this approach, value the ordinary shares of PS is at **Baht 239.44 per share**, equivalent to the Firm Equity Value of **Baht 95.78 million**.

2.1.2 Adjusted Book Value Approach

Under this approach, the value of shares are determined by taking total assets of PS, deducted by its total liabilities, commitments and contingent liabilities derived from its latest financial statements as of September 30, 2020, which were its internal financial statements used by STA's auditor for preparing the Company's consolidated financial statements, then adjusted by transactions after the financial statements date or transactions that have an effect on book value in order to more truly reflect

its intrinsic value such as unrealized surplus or deficit on property appraisal, tax saving from losses carried forward, and contingent liabilities.

In valuing PS shares by this approach, the IFA has adjusted the book value of PS derived from its latest financial statements as of September 30, 2020 by taking into account the following significant items:

2.1.2.1 Surplus on property appraisal

The remaining assets of PS at present are lands and land improvements, which STA appointed First Star Consultant Co., Ltd. ("the Independent Property Appraiser"), an SEC-approved independent property appraiser, to evaluate their values. The Independent Property Appraiser appraised such assets on September 28, 2020 as per report dated October 29, 2020 (No. 63-FSCR-GR-145) in order to identify the present market value of the assets for public purposes by employing the Market Comparison Approach. Details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

The Independent Property Appraiser has evaluated 3 plots of land with total area of 89-2-94 rai (89.735 rai), located on Sadao - Padang Besar Road, Sadao Sub-district, Sadao District, Songkhla Province. Details of which are as follows:

No.	Land title deeds No.	Parcel No.	Dealing title No.	Land Area as per Title Deed			Owner	Encumbrance on property
				Rai	Ngan	Sq. wah		
1	24269	14	6114	34	2	82.0	Sadao P.S. Rubber Co., Ltd.	N/A
2	24303	2	6113	51	3	50.0		
3	24738	1	6112	3	0	62.0		
Total area				89	2	94.0		

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics as the appraised asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 4 selected data of vacant land in nearby areas for comparison with the offering/selling price of Baht 1.40 – 2.98 million per rai. Then, factors affecting land value including location, shape and size of land physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Weight Quality Score: WQS

Factors	Appraised Land	Data 1	Data 2	Data 3	Data 4
Property type	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Land area (rai)	89-2-94.0	53.2-62.0	56-1-52.4	96-0-0	21-1-10.0
Location	Sadao-Padang Besar Rd. (Highway No. 4054)	Sadao-Padang Besar Rd. (Highway No. 4054) between Km. 2-3	Sadao-Padang Besar Rd. (Highway No. 4054) between Km. 2-3	Sadao-Padang Besar Rd. (Highway No. 4054) between Km. 9-10	Kanjanavanich Rd. (Highway No. 4) between Km. 1287-1288
Surrounding	Residential	Residential	Residential	Residential	Residential
Utilities	Electricity, water supply, and telephone				
Type of asset road	20-meter width paved way	20-meter width paved way	20-meter width paved way	20-meter width paved way	20-meter width paved way
Land shape	Polygon	Polygon	Polygon	Polygon	Polygon
Frontage (m.)	172.00	250.00	175.00	290.00	188.00
Land level (m.)	0.00	-0.50	0.00	-1.00	0.00
Offering price (Baht/rai)		1,500,000	-	1,400,000	-
Bargaining and liquidity price (Baht/rai)		1,300,000	-	1,200,000	-
Selling/purchase price (Baht/rai)		-	2,979,494	-	2,000,000
Adjust: Land filling fee (Baht/rai)		75,000	-	150,000	-
Preliminary adjusted price (Baht/rai)		1,375,000	2,979,494	1,350,000	2,000,000

Factors	Score (%)	Appraised Land ^{1/}	Data 1 ^{1/}	Data 2 ^{1/}	Data 3 ^{1/}	Data 4 ^{1/}
Location	20	7	7	9	6	8
Surrounding	20	7	7	9	6	8
Transportation	20	8	8	8	8	9
Utilities	-	7	7	7	7	7
Land shape and area	20	6	8	8	6	10
Advantage and suitable	20	7	7	9	6	7
Legal restriction / City plan	-	7	7	7	7	7
Total score	100	700	740	860	640	840
COMPARABLE OF WEIGHTED QUALITY SCORE						
		Appraised Land	Data 1	Data 2	Data 3	Data 4
Adjust Ratio			0.9459	0.8140	1.0938	0.8333
Adjusted price	(Baht/rai)		1,300,676	2,425,170	1,476,563	1,666,667
WQS	(%)	100%	35.00%	15.00%	30.00%	20.00%
Comparable value of land	(Baht)	1,595,314	455,236	363,775	442,969	333,333
Market value of land	(Baht/rai)	1,600,000				

Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-145 dated October 29, 2020.

Remark: 1/ Rating score 1-2 = inferior, 3-4 = somewhat inferior, 5-6 = moderate, 7-8 = good, 9-10 = excellent

The market value of such land as appraised by the Independent Property Appraiser according to the property appraisal report No. 63-FSCR-GR-145 dated October 29, 2020 is equal to Baht 1.60 million/rai or a total of Baht 143.58 million.

The IFA is of the opinion that the Market Value Approach is an appropriate method in determining value of assets that have available comparable and sufficient market price of assets sold/offered for sale such as vacant land. In addition, the IFA views that the comparable vacant land used herein are appropriate as they are in the proximity of the appraised land. Moreover, the Independent Property Appraiser made adjustment to various factors according to the characteristics of each asset comparing to those of the appraised assets. Therefore, the adjusted value should be able to reflect appropriate and more comparable value.

2.1.2.2 Adjustment of book value to reflect value of PS

The management of PS made adjustments to financial statements for period ended September 30, 2020 to reflect market value of land as appraised by the Independent Property Appraiser, and the expected remaining assets and liabilities after this transaction. The adjusted value of assets, liabilities, and shareholders' equity of PS as of November 10, 2020, were as follows:

(Unit: Baht million)

PS	Book Value as of September 30, 2020 ^{1/}	Adjusted Book value as of November 10, 2020 ^{2/}
Cash in hand and deposits with financial institutions	19.67	9.32
Trade accounts receivable and other receivables	0.46	0.38
Inventories	0.16	-
Other current assets	1.13	1.13
Property, plant and equipment	85.70	144.65 ^{2/}
Intangible assets	0.09	-
Right-of-use assets	0.12	-
Other non-current assets	2.02	13.38 ^{2/}
Total assets	109.35	157.50
Trade and other accounts payable	0.43	0.18
Liabilities under financial lease arrangements	0.12	-
Current liabilities	0.03	-
Deferred tax liabilities	11.33 ^{4/}	21.31 ^{4/}
Employee benefits obligations	1.67	0.29
Total liabilities	13.58	21.78
Shareholders' equity	95.78	146.99
Total number of paid-up shares as of September 30, 2020 (shares)	400,000 ^{6/}	400,000 ^{6/}
Book value per share (Baht/share)	239.44	367.47

Remark:

1/ The latest financial statements as of September 30, 2020, which were PS's internal financial statements used by STA's auditor for preparing STA's consolidated financial statements.

2/ Internal financial statements prepared by management of STA and PS.

- 3/ The remaining assets include land, land improvement and constructions, of which management of PS adjusted their values based on the property appraisal report No. 63-FSCR-GR-145 prepared by First Star Consultant Co., Ltd. *(Please find details of property appraisal in Part 3, Clause 2.1.2.1, of this report)*
- 4/ Increased by Baht 11.36 million, which was a deferred tax asset derived from net loss of PS in Q1/2020 – Q3/2020.
- 5/ Increased by Baht 9.98 million, which was a deferred tax liability derived from gain on property appraisal.
- 6/ Par value of Baht 100.00 per share.

From the above table, the adjusted firm equity value of PS as of November 10, 2020 is Baht **146.99 million**, equivalent to the share value of **Baht 367.47 per share**.

2.1.3 Summary of the Independent Financial Advisor's Opinion on the Acquisition Price of PS Shares

Value of PS shares derived from various valuation approaches can be summarized in the table below:

PS	Value of PS Shares (Baht/share)	Firm Equity Value of PS (Baht million)	Acquisition price of PS Shares ^{1/} (Baht million)	Higher (Lower) Than Acquisition Price of PS Shares	
				(Baht million)	(%)
	(1)	(2)	(3)	(4) = (2)–(3)	(5) = (4)/(3)
Book Value Approach	239.44	95.78	147.00	(51.22)	(34.85)%
Adjusted Book Value Approach	367.47	146.99	147.00	(0.01)	(0.01)%

Remark: 1/ The Company shall acquire 399,994 ordinary shares of PS with par value of Baht 100 per share, equivalent to 99.9985% of total shares with voting rights of PS, at a total value of Baht 147.00 million.

As shown in the above table, the Firm Equity Value of PS derived from various valuation approaches is in a range of Baht 95.78 – 146.99 million.

The Book Value Approach reflects operating results and status of PS at a given period based on its past performance, without taking into account its real asset value and future profitability, as well as the overall economic and industry outlook. Thus, valuation of PS shares using this approach could not reflect its actual value.

The Adjusted Book Value Approach, under which adjustments are made to certain accounting items, reflect current market value of PS's assets better than the Book Value Approach. This approach reflects market value of assets, tax saving from losses carried forward, and events after the financial statement date. The adjustment in this case are from business restructuring of PS, dissolving of its business operation, transferring of some asset to STA, and realization of gain from appraisal of land (which is major asset of PS at the present). However, this approach does not reflect future profitability of PS. Thus, share valuation under the Adjusted Book Value Approach could reflect fundamental value of PS at the present.

The IFA did not evaluate value of ordinary shares of PS by using the Market Value Approach, Price to Book Value Ratio Approach, Price to Earnings Ratio Approach and Discounted Cash Flow Approach as PS is not listed on the SET or any other secondary market, hence, there is no reference market value available. Besides, PS currently has no business operation and dissolved its existing business including demolished all of its building and construction facilities.

CapAd is of the opinion that the most appropriate approach to value PS share is the Adjusted Book Value Approach as PS does not currently operate any business and its remaining assets mostly are land and land improvements. In addition, the Adjusted Book Value Approach can reflect fundamental value of assets and the events after the financial statement date of PS while other valuation approaches are suitable for the evaluation of business that is on an on-going basis. Conclusively, **CapAd views that fair value of Firm Equity Value of PS is equal to Baht 146.99 million. Thus, acquisition price of PS share of Baht 147.00 million is considered appropriate.**

2.2 Assessment of the Appropriateness of the Acquisition of PS Shares by Assessing the Appropriateness of an Investment in Sadao 1 Branch Project

In the assessment of the appropriateness of the Acquisition of PS Shares by assessing the appropriateness of investment in Sadao 1 Branch Project, the IFA applied the Discounted Cash Flow Approach to determine free cash flow of Sadao 1 Branch Project to calculate:

- Internal Rate of Return ("IRR") of Sadao 1 Branch Project
- Net Present Value ("NPV") of Sadao 1 Branch Project by using weighted average cost of capital ("WACC") of the Company as a discount rate, and
- Payback Period ("PB") of Sadao 1 Branch Project

In considering the appropriateness of the entering into this transaction, the IFA prepares financial forecast of Sadao 1 Branch Project based on business plan of the Company, investment plan and details proposed to the Board of Directors' meeting of the Company, historical performance of the Company, current industry outlook and effects from COVID-19 to rubber glove industry, and economic conditions in accordance with conservative basis. In this regard, the IFA prepares financial forecast for a period of 10 years from 2021 – 2030, based on an assumption that the Company's operation is on a going-concern basis without any significant changes under the current economic condition and circumstances.

The IFA prepares financial forecast of Sadao 1 Branch Project based on information and assumptions provided by the Company and interview with managements and relevant officers. The objective of financial forecast is to evaluate appropriateness of the investment in the acquiring assets only. If there is any change in overall economic outlook and other internal and external factors that materially affect Sadao 1 Branch Project's or the Company's business operations or assumptions used herein, the appropriateness of the investment as determined under this approach may change accordingly.

2.2.1 Rubber Glove Industry Outlook

Three main types of rubber gloves manufactured and used, characterized by its raw materials, are natural rubber glove, nitrile glove (NBR), and vinyl glove. Demand for each type of rubber gloves based on purpose of use, qualification of each type of rubber glove, as well as price. Demand for rubber gloves has grown not only from healthcare industry, the main user of rubber glove, but also food industry, electronic industry, and beauty industry.

- **Demand of rubber glove**

In the past, rubber glove demand has increased successively and expected to grow at approximately 8% - 10% per annum. However, COVID-19 pandemic has dramatically raised global demand for rubber glove especially medical glove in 2020.

Malaysian Rubber Glove Manufacturers Association (MARGMA) forecasted total global demand of rubber glove for 2020 prior to COVID-19 pandemic to be 300 billion pieces. By March 2020, after the COVID-19 pandemic, MARGMA has adjusted total global demand of rubber glove for 2020 to 330 billion pieces.

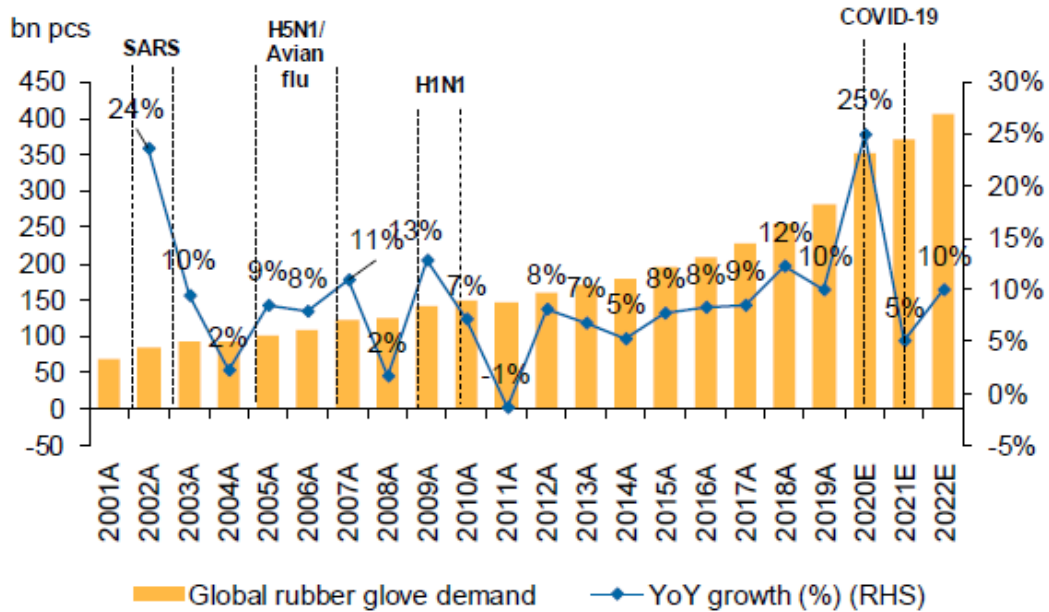
Macquarie Research viewed that strong demand for rubber gloves is expected to continue in 2021 driven by COVID-19 pandemic, the upcoming flu season in the US, and swine flu in China. Giving the assumption that COVID-19 vaccine shall be available in mid-2021, demand for rubber gloves should gradually normalize in 2H/2021. However, Macquarie Research expected that global demand for rubber gloves should grow at 8% - 10% per annum in the long run on rising awareness of the importance of glove usage in the medical industry especially after COVID-19 pandemic. (*Source: Malaysia Rubber Gloves, 2nd wave is coming: Get ready for the ride by Macquarie Research, dated July 3, 2020*)

The development of vaccine normally has 6 steps which takes at least 5 years, according to The New England Journal of Medicine. However, the target of development of COVID-19 vaccine is set at maximum of 18 months. Citi Research viewed that the best case should take 12 – 18 months in order to make the vaccine available globally but there is still uncertainty regarding such issue.

Citi Research viewed that even COVID-19 pandemic subsides, demand normalization will likely be cushioned by restocking activities, providing a softer landing in the near-term, and a potential structural step-up in gloves demand. Emerging countries continue to present a big opportunity from a demand standpoint. In developed markets like the US and Europe, gloves consumption per capita is at over 100 pieces per capita in 2018 while glove consumption per capita in the emerging countries such as China

and India are still at lower than 10 pieces per capita. If China’s consumption per capital increase to 50 pieces per capital (close to Japan and Korea), the country’s glove consumption would rise almost 10 times to 95 billion pieces per year. (Please refer to Figure 2) (Source: ASEAN Glove Manufacturers by Citi Research, dated August 11, 2020)

Figure 1: Predicted Global Rubber Glove Demand



Source: MARGMA, Macquarie Research, July 2020.

Figure 2: Gloves consumption per capita in 2018

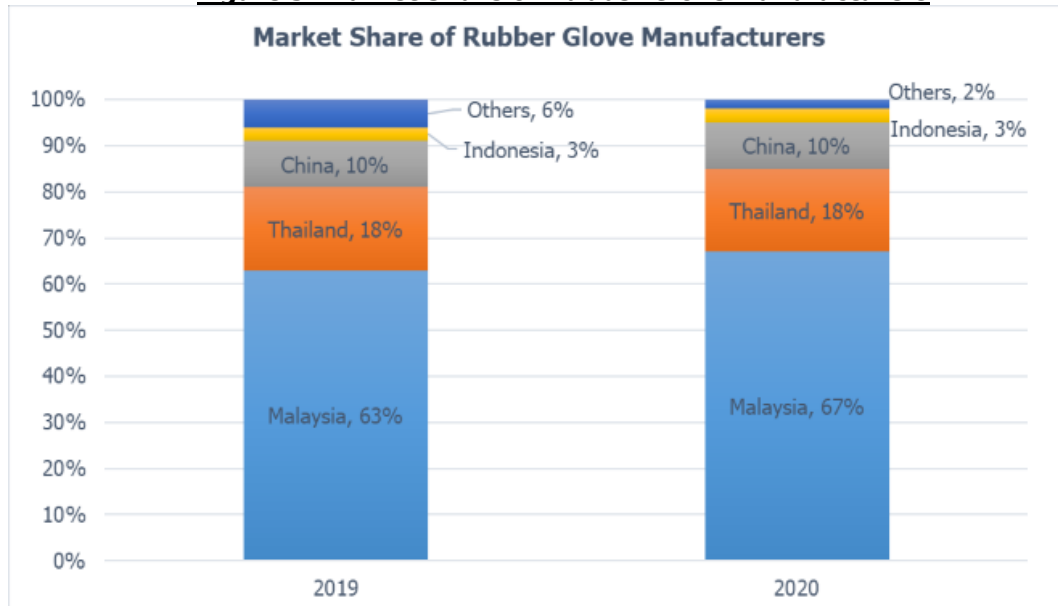


Source: Top Glove, MARGMA, Citi Research

• **Supply of rubber glove**

MARGMA estimated global demand of rubber glove for 2020 with impact of COVID-19 pandemic at 330 billion pieces (estimation as of June 4, 2020.). MARGMA estimated market share for 2020 that 220 billion pieces will be produced by Malaysia or approximately 67%, approximately 18% from Thailand, 10% from China, and 3% from Indonesia, while there are more than 150 rubber glove manufacturers worldwide. (Source: MARGMA Industry Brief 2020 on the Rubber Glove Industry, dated July 16, 2020)

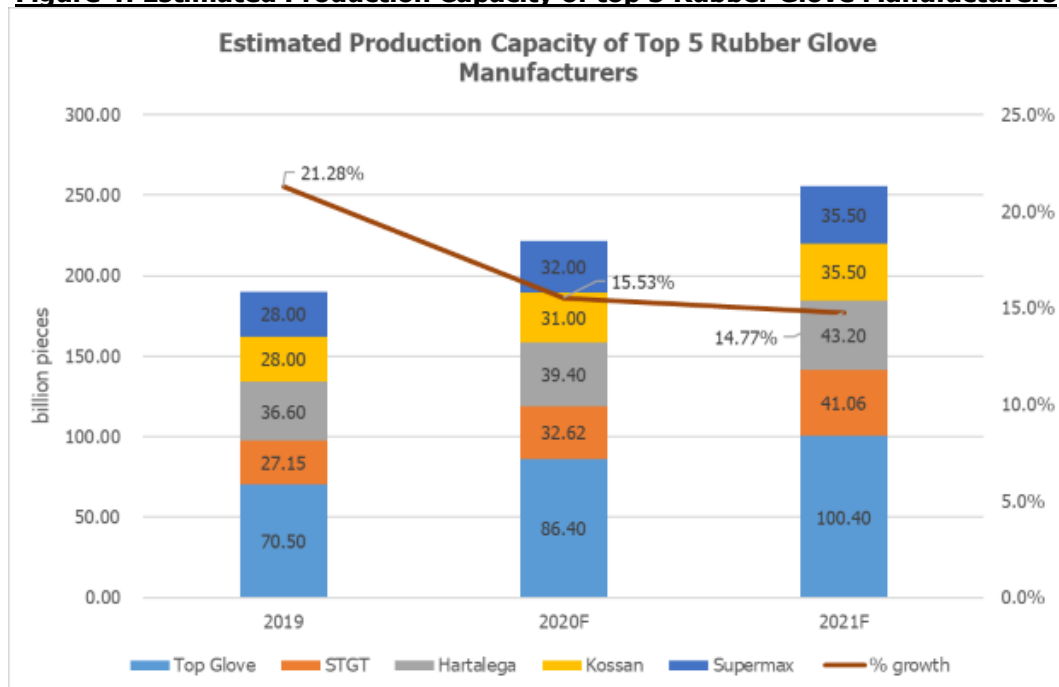
Figure 3: Market Share of Rubber Glove Manufacturers



Source: - MARGMA Industry Brief 2020 on the Rubber Glove Industry, dated July 16, 2020.
 - MARGMA Industry Brief 2019 on the Rubber Glove Industry, dated October 19, 2019.

Top 5 global rubber glove manufacturers are concentrated in Malaysia and Thailand, namely, Top Glove, Hartalega, Supermax, Kossan, and STGT as shown in Figure 4 below. Total production capacity of top 5 manufacturers was at approximately 190 billion pieces in 2019, increased by 21.28% from prior year. It is expected that production capacity of this group will increase to 221 billion pieces and 255 billion pieces in 2020 – 2021 respectively, representing an increase by 15.53% and 14.77% y-o-y respectively. Production capacity of such top 5 manufacturers accounted for 63% of global demand in 2019.

Figure 4: Estimated Production Capacity of top 5 Rubber Glove Manufacturers



Source: STGT and "Rubber Gloves: Quantum Earnings Leap, Multi-year Re-rating, Research by Kenanga, July 8, 2020.

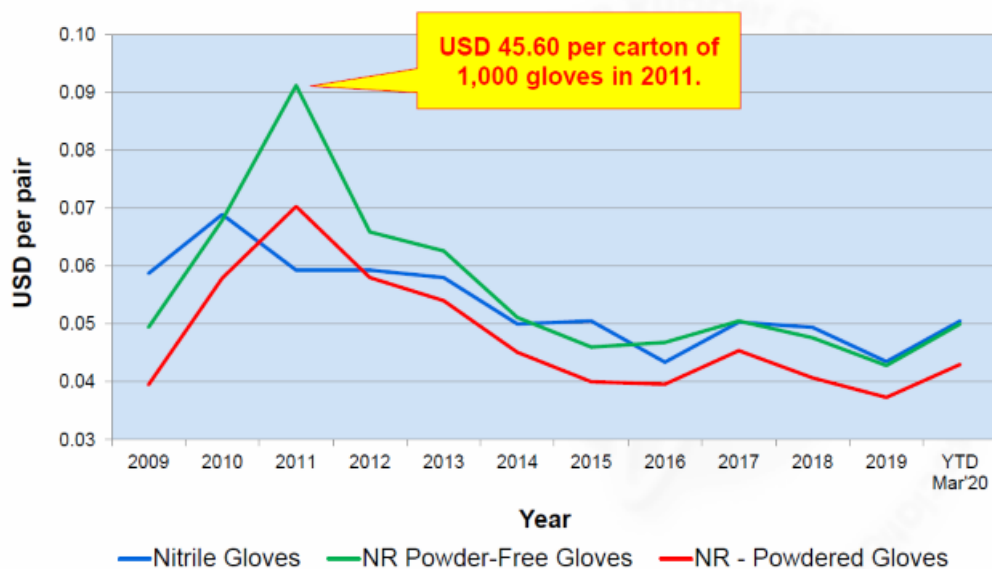
Macquarie Research expected shortage to continue in to 2021 but there is potential risk of oversupply in 2022 if expansion plans of large manufactures are as scheduled. However, the oversupply situation in 2022 could easily lead to the adjustment in expansion plans from existing players.

However, Citi Research viewed that capacity expansion for gloves takes longer time than capacity expansion for mask and may takes several months after the pandemic, leading to extremely tight supply of gloves. The construction of a factory with 3 - 4 billion pieces can take as long as a year with a few additional months to install and trial run production lines. Besides, the construction of a glove manufacturing factory requires a huge amount of investment, which would weed out short-term players looking to take advantage of the current situation. At the end of the day, manufacturing needs scale and the incumbents will remain better positioned over the longer run. (Source: ASEAN Glove Manufacturers by Citi Research, dated August 11, 2020)

- **Average selling price**

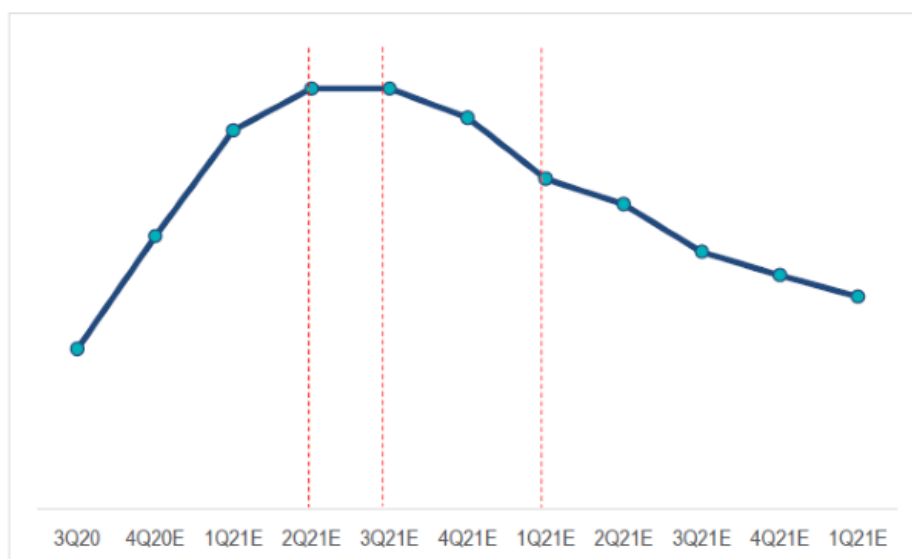
Average selling price of rubber gloves had been under pressure in the past 2 years (2018 – 2019) as a result of a mild excess supply for rubber gloves. However, industry players have experienced various cycles of oversupply and be able to make adjustment to maintain the supply-demand equilibrium over time. (Please refer to Figure 5)

Figure 5: Average Selling Price of Rubber Gloves (pre-COVID-19)



Source: MARGMA Industry Brief 2020 on the Rubber Glove Industry, dated July 16, 2020.

Figure 6: Estimated Average Selling Price



Source: Citi Research

The COVID-19 pandemic drives average selling price of rubber globe as a result of supply shortage. Macquarie Research expected manufacturers to continue to have bargaining power to raise/maintain the high average selling price until June 2021, and thereafter the average selling price should return to pre-COVID-19 levels. (Source: Malaysia Rubber Gloves, 2nd wave is coming: Get ready for the ride by Macquarie Research, July 3, 2020)

Citi Research viewed that as capacity expansion will take some times, average selling price should continue to rise until Q1/2021 and remain constant in Q2/2021 before falling thereafter as supply catches. (Please refer to Figure 6) (Source: ASEAN Glove Manufacturers by Citi Research, dated August 11, 2020)

2.2.2 Feasibility Study of an Investment in Sadao 1 Branch Project

The Company has planned to construct the new rubber glove facility on the land owned by PS. The Sadao 1 Branch Project will have 8 production lines with the technical capacity²⁴ of approximately 2,700 million pieces per year for the manufacturing of Nitrile Butadiene Rubber (NBR). The Company would like to accelerate the construction of Sadao 1 Branch Project to complete within 2021. At present, Sadao 1 Branch Project has been granted the BOI promotional privileges for medical latex glove manufacturing business.

▪ Revenue from sale

The IFA assumed the capacity utilization for 2021 – 2022 at 80% - 85% of technical capacity, and increase to 90% of technical capacity from 2023 onwards, based on capacity utilization of Hat Yai Brach in 2018 – 2019 and Q1/2020 (in the range of 89.44% - 96.5%) which was the period prior to an expansion of production capacity to respond to demand during the COVID-19 pandemic.

The average price of NBR was estimated at Baht 721.60 per 1,000 pieces, based on the average selling price in 2018 - 2019, which was the price during the pre-COVID-19 period. The IFA assumed that selling price of medical gloves should return to normal level in the end of 2021. (Please find more details in Part 3, Transaction 2, Clause 2.2.1 Rubber Glove Industry Outlook)

In addition, the IFA assumed the average selling price of rubber grove to be constant throughout the projection period. We viewed that after the COVID-19 pandemic, demand and supply for rubber glove will adjust to equilibrium or may be at an over-supply level, leading to price competition. In the past 5 years, the average selling price of NBR and powder-free NR was in the range of USD 0.04 – 0.05 per pair. (Please see Figure 5: Average Selling Price)

Summary of projected revenue from sale for Sadao 1 Branch Project are as follows:

PS	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Technical capacity ^{1/} (million pcs.)	886	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Capacity utilization ^{2/} (million pcs.)	708	2,295	2,430	2,430	2,430	2,430	2,430	2,430	2,430	2,430
Utilization rate	80.00%	85.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
Average selling price: NBR ^{3/} (Baht/1,000 pcs.)	721.60	721.60	721.60	721.60	721.60	721.60	721.60	721.60	721.60	721.60
% growth of average selling price		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Revenue from sale (Baht million)	511.20	1,655.97	1,753.38	1,753.38	1,753.38	1,753.38	1,753.38	1,753.38	1,753.38	1,753.38
% growth of revenue from sale		223.94%	5.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Remark: 1/ Technical capacity was estimated based on installed capacity and adjusted by maintenance period according to annual maintenance schedule.

2/ Sale volume to technical capacity

3/ Nitrile Butadiene Rubber (NBR)

▪ Cost of sale (excluding depreciation and amortization expenses)

Cost of sale consisted of raw material cost, utility expenses, labor cost, and other expenses.

In preparing this financial forecast, the IFA assumed cost of sale (excluding depreciation and amortization expenses) at 78.10%²⁵ of revenue from sale, which was estimated from the average ratio

²⁴ Technical capacity is estimated based on installed capacity and adjusted by maintenance period according to annual maintenance schedule.

²⁵ Cost structures comprised of raw material cost at approximately 55%, utility cost and labor cost together at approximately 27%, and other costs at approximately 18%.

of cost of sale to revenue from sale of STGT in 2018 – 2019 and Q1/2020 (Pre-COVID19) (where the ratio of cost of sale to revenue from sale was in the range of 75.5% - 81.5% of revenue from sale). However, in Q2/2020 – Q3/2020, during the outbreak of COVID-19 pandemic, the average cost of sale to revenue from sale decreased to 65% and 37% of revenue from sale of Q2/2020 and Q3/2020, respectively.

▪ **Selling expenses**

Selling expenses comprised of transportation costs, employee expenses, commission and sale promotion expenses, insurance expenses, and other expenses.

The IFA prepared this financial projection based on the assumptions for selling expenses as follows:

- Transportation costs for 2021 were assumed at Baht 10.00 per 1,000 pieces, based on the average transportation costs per 1,000 pieces in 2018 – 2019 and Q1/2020 – Q3/2020. Transportation costs per 1,000 pieces from 2022 onwards were assumed to grow by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).
- Employee expenses for 2021 were assumed at Baht 4.10 per 1,000 pieces, based on the average employee expenses per 1,000 pieces in 2019 and Q1/2020 – Q3/2020. The IFA has not considered employee expenses in 2017 – 2018 due to organizational restructuring and transfer of sale team from STA after such period.
In addition, from 2022 onward, employee expenses per 1,000 pieces were assumed to grow by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).
- Commission and sale promotion expenses and insurance expenses were assumed at 0.36% of revenue from sales, based on the average ratio of commission and sale promotion expenses and insurance expenses to revenue from sale and services in 2018 – 2019 and Q1/2020 – Q3/2020.
- Other expenses for 2021 were assumed at Baht 2.40 per 1,000 pieces, based on the average other expenses per 1,000 pieces in 2018 – 2019 and Q1/2020 – Q3/2020. Other expenses from 2022 onwards were assumed to grow by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).

▪ **Administrative expenses (excluding depreciation expenses)**

Administrative expenses consisted of employee expenses, office expenses, professional fees, bank charge, and other expenses.

The IFA assumed administrative expenses for 2021 at Baht 14.40 per 1,000 pieces, based on the average administrative expenses of the Company in 2019 and Q1/2020 – Q3/2020. The IFA did not consider the administrative expenses in 2017 – 2018 due to demerger and organizational restructuring during such period.

In addition, from 2022 onward, the IFA assumed the average administrative expenses to increase by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).

▪ **Financial cost**

Source of fund for Sadao 1 Branch Project will be from IPO proceed.

▪ **Corporate income tax**

Sadao 1 Branch Project was granted the BOI promotional privileges for medical latex glove manufacturing business. Tax privileges include exemption of corporate income tax for 8 years.

After the tax exemption period, the IFA assumed corporate income tax at 20%.

▪ **Capital expenditure**

The Company estimated project cost for Sadao 1 Branch Project at a total of Baht 1,804.63 million as follows:

Sadao 1 Branch Project	Baht million
Acquisition price of PS shares	147.00
Construction cost	723.69
Machines and equipment	933.94
Total project cost	1,804.63

In addition, the IFA assumed the additional capital expenditure for 2023 at Baht 16.58 million per year (approximately 1% of total investment in building and machines), and from 2024 onward, the capital expenditure was assumed to grow by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).

▪ **Current assets and current liabilities turnover**

Projection is made based on historical data of STGT in 2017 - 2019 and Q1/2020 as follows:

Trade and other accounts receivable	46 days on average
Inventories	20 days on average
Trade and other accounts payable	14 days on average

Summary of the financial projection of Sadao 1 Branch Project is as follows:

(Unit Baht million)										
Sadao 1 Branch Project	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Statement of income										
Revenue from sale	511.20	1,655.97	1,753.38	1,753.38	1,753.38	1,753.38	1,753.38	1,753.38	1,753.38	1,753.38
Cost of sale	399.25	1,293.31	1,369.39	1,369.39	1,369.39	1,369.39	1,369.39	1,369.39	1,369.39	1,369.39
Gross profit	111.95	362.66	383.99	383.99	383.99	383.99	383.99	383.99	383.99	383.99
Selling expenses	13.76	45.32	48.77	49.57	50.39	51.22	52.07	52.93	53.81	54.71
Administrative expenses	12.75	40.36	41.12	41.90	42.69	43.50	44.32	45.16	46.01	46.88
EBITDA	85.44	276.98	294.10	292.52	290.91	289.27	287.60	285.90	284.17	282.40
EBIT	64.63	214.55	230.46	226.47	223.61	220.69	218.91	217.09	215.23	213.34
Net profit	64.75	214.68	230.59	226.60	223.74	220.82	219.03	217.21	172.31	170.80

▪ **Terminal value growth**

The IFA assumed terminal value growth of 0.00% per annum based on conservative basis.

▪ **Discount rate**

The IFA has adopted the weighted average cost of capital (WACC), derived from a weighted average of cost of debt (K_d) and cost of equity (K_e), as a discount rate for calculation of present value of net cash flow as follows:

WACC	=	$K_e * E / (D + E) + K_d * (1 - T) * D / (D + E)$
K_e	=	Cost of equity or required rate of return (R_e)
K_d	=	Cost of debt or interest rate on loan of STGT
T	=	Corporate income tax
E	=	Total shareholders' equity
D	=	Interest-bearing debt

Cost of equity (K_e) or required rate of return (R_e) is calculated by using the capital asset pricing model (CAPM) as follows:

K_e (or R_e)	=	$R_f + \beta (R_m - R_f)$
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Where:

Risk free rate (R_f) = 2.18% per annum based on 30-year government bond yield (information as of October 22, 2020), which is currently the longest government bond continually issued and offered in the market under the assumption that the business is on a going concern basis

Beta (β) = 0.8974 times, based on the average unlevered beta of 5 listed companies²⁶ on the Bursa Malaysia (MYX) and the Singapore Exchange (SGX) (average over the past one year up to October 22, 2020) operating the business of manufacturing and distribution of rubber glove products similar to STGT and adjusted by the interest-bearing debt to equity ratio of STGT as of September 30, 2020

²⁶ Top 5 global rubber glove manufacturers comprised of 4 listed companies in the Bursa Malaysia, namely, Top Glove Corporation Bhd., Supermax Corp. Bhd., Kossan Rubber Industries Bhd., and Hartalega Holdings Bhd., and 1 listed company in the Singapore Stock Exchange, namely, Riverstone Holdings Limited. (The IFA has not considered Beta of STGT since STGT was listed on the SET on July 2, 2020 where trading of STGT shares is less than 360 business days)

Market risk (R_m)	=	12.17% per annum, which is the average annual rate of return on investment in the SET over the past 28 years from 1992 to 2019 (period from the enforcement of the Securities and Exchange Act B.E. 2535) as it is the most suitable period to reflect the average rate of return from the SET
K_d	=	2.82% per annum, which is equal to the current effective interest rate of STGT
D/E ratio	=	0.19 time, which is equal to the interest-bearing debt to equity ratio of STGT as of September 30, 2020
T	=	The assumed corporate income tax rate of 20% per annum

Therefore, the discount rate or WACC was at 9.70% per year.

Based on the above assumptions, Sadao 1 Branch Project's future cash flow can be projected as follows:

(Unit: Baht million)

Sadao 1 Branch Project	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
EBITDA	85.44	276.98	294.10	292.52	290.91	289.27	287.60	285.90	284.17	282.40
Corporate tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(43.05)	(42.67)
Working capital	(72.23)	(161.74)	(13.76)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital expenditure	(1,804.63)	(16.58)	(16.89)	(17.21)	(17.53)	(17.87)	(18.20)	(18.55)	(18.90)	(19.25)
Net cash flow of the project	(1,791.42)	98.66	263.44	275.31	273.38	271.41	269.40	267.35	222.22	220.48
Present value of net cash flow of the project	(1,938.42)	(1,692.76)	(1,429.31)	(1,154.00)	(880.63)	(609.22)	(339.83)	(72.47)	149.75	370.22

(Unit: Baht million)

Sadao 1 Branch Project	
PV of cash flow	(394.22)
PV of terminal value	900.58
NPV of Sadao 1 Branch Project	506.36
Internal Rate of Return (IRR) (% per annum)	12.78%
Payback Period	8.27 years

The Company will acquire land with constructions from ANV (Transaction 3) in order to construct engineering center and staff/labor houses as support facilities for Sadao 1 Branch Project and Sadao 2 Branch Project. Therefore, the IFA has included the acquisition price of land with constructions from ANV and the additional investment, totaling approximately Baht 117.21 million in the evaluation of the return from investment in Sadao 1 Branch Project based on conservative basis. Summary of return from investments are as follows:

(Unit: Baht million)

Sadao 1 Branch Project + Acquisition Price of Land from ANV + Additional Investment on Land from ANV	
NPV of Sadao 1 Branch Project	506.36
Less: Acquisition price of land with constructions from ANV and additional investment	(117.21) ^{1/}
NPV of Sadao 1 Branch Project and the acquisition price of ANV's land with constructions	389.15
Internal Rate of Return (IRR) (% per annum)	11.89%
Payback Period	8.71 years

Remark: 1/ Acquisition price of land with constructions from ANV equal to Baht 69.21 million + additional investment on the assets to be acquired from ANV of approximately Baht 48.00 million.

By applying a discount rate of 9.70% per annum, NPV of free cash flow of Sadao 1 Branch Project + acquisition price of land from ANV + additional investment on land from ANV is equal to Baht 389.15 million. Internal Rate of Return (IRR) of the Project is 11.89% per annum and payback period is 8.71 years.

Sensitivity Analysis

The IFA conducts sensitivity analysis on cash flows of Sadao 1 Branch Project by adjusting the significant variables as follows:

- (1) Adjust growth rate of selling price of rubber glove to 1.89% per annum, which is equivalent to the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020) (from 0% to 1.89% per annum).
- (2) Adjust gross profit margin to 20.90% (from 21.90% to 20.90%).

The IFA views that the range of adjustments above are suitable after considering historical information of the Project and industry information. Summary of the sensitivity analysis is as follows:

Sadao 1 Branch Project + Acquisition Price of Land from ANV + Additional Investment on Land from ANV		Growth Rate of Selling Price of Rubber Glove	
		0.00%	1.89%
Total project cost (Baht million)		1,921.84 ^{1/}	1,921.84 ^{1/}
Gross profit margin: 20.9% (excluding depreciation expenses)	NPV (Baht million)	238.99	504.04
	IRR (% p.a.)	11.02%	12.40%
	Payback Period (years)	9.51	8.68
Gross profit margin: 21.9% (excluding depreciation expenses)	NPV (Baht million)	389.15	668.99
	IRR (% p.a.)	11.89%	13.29%
	Payback Period (years)	8.71	8.21

Remark: 1/ Total project cost = Acquisition price of PS ordinary shares of Baht 147.00 million + Investment in building and machines of Baht 1,657.63 million + Acquisition price of land with constructions from ANV of Baht 69.21 million + Additional investment on the assets to be acquired from ANV of Baht 48.00 million

The outcomes of the sensitivity analysis are as follows:

- Net present value of cash flow of Sadao 1 Branch Project is in the range of Baht 238.99 – 668.99 million.
- Internal rate of return of Sadao 1 Branch Project is in the range of 11.02% – 13.29% per annum.
- Payback period of Sadao 1 Branch Project is in the range of 8.21 – 9.51 years.

The financial projection and IRR of Sadao 1 Branch Project + acquisition price of land from ANV + additional investment on land from ANV is based on assumptions provided by the Company under the normal economic conditions and circumstance. If there is any change in the business plan, government policy, or economic condition that materially affect the assumptions and variables used herein, future operating results of Sadao 1 Branch Project might not be as projected and value of Sadao 1 Branch Project evaluated under this approach may change accordingly.

Summary of Opinion of the Independent Financial Advisor on the Appropriateness of the Investment in Sadao 1 Branch Project + Acquisition Price of Land from ANV + Additional Investment on Land from ANV

From feasibility study of Sadao 1 Branch Project and construction of engineering center and staff/labor houses on land to be acquired from ANV, the IFA finds that NPV of the Project is in the range of Baht 238.99 – 668.99 million, IRR is in the range of 10.02% – 13.29% per annum, which is higher than discount rate (WACC) of 9.70% per annum, and payback period is 8.21 – 9.51 years. Therefore, the IFA is of the opinion that the acquisition price of ordinary shares of Baht 147.00 million + investment in buildings and machines of Baht 1,657.63 million + acquisition price of land with constructions from ANV of Baht 69.21 million + additional investment on the assets to be acquired from ANV of Baht 48.00 million, or the total investment of not exceeding Baht 1,921.84 million **is feasible and appropriate**.

Transaction 3: Acquisition of Land with Constructions from Anvar Parawood Co., Ltd. (ANV)

The Company shall acquire 3 adjacent plots of land with a total area of 34-1-0.70 rai together with construction, located in Samnak Kham Sub-district, Sadao District, Songkhla Province, at a total sale and purchase price of Baht 69.21 million, from Anvar Parawood Co., Ltd. ("ANV"), a subsidiary of STA. The Company has the objective to acquire land with constructions for use as supporting facilities for the Sadao Branch Capacity Expansion Project which are the engineering center and staff houses.

The Independent Financial Advisor has considered the appropriateness of the acquisition price of land with constructions from ANV by comparing the acquisition price with the appraisal price determined by the Independent Property Appraiser. In addition, the IFA has included acquisition price of land with constructions from ANV to the project cost of Sadao 2 Branch Project in the assessment of appropriateness of investment in Sadao 1 Branch Project (Transaction 2).

Details of the Appraisal of Fair Value of Land with Constructions of ANV are as follows:

CapAd evaluated fair value of ANV's land with constructions which is located on 101 Moo 3 Ban Numhua-Ban, Khuankun Road, Samnak Kham Sub-district, Sadao District, Songkhla Province, by comparing with value determined by the Independent Property Appraiser.

STA appointed First Star Consultant Co., Ltd. ("the Independent Property Appraiser"), which is an SEC-approved independent property appraiser, to evaluate its land and constructions. The Independent Property Appraiser surveyed and appraised these properties on July 10, 2020 as per the report dated October 29, 2020 (No. 63-FSCR-GR-157.1) in order to identify present market value of the properties for public proposes by using the Depreciated Replacement Cost Approach. Details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

– Land

The Independent Property Appraiser has evaluated 3 plots of land with a total area of 34-1-0.7 rai (34.25175 rai), details of which are as follows:

No.	Land title deed No.	Parcel No.	Dealing title No.	Land Area as per Title Deed			Owner	Encumbrance on Property
				Rai	Ngan	Sq. wah		
1	38592	78	3192	19	3	94.6	Anvar Parawood Co., Ltd.	Land title deed No. 38593 and 38594 are under mortgage with Kasikorn Bank Public Company Limited
2	38593	77	3193	10	1	4.3		
3	38594	76	3194	4	-	1.8		
Total area				34	1	0.7		

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics as the appraised asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 4 selected data of vacant land in nearby areas for comparison with the offering/selling price of Baht 0.60 – 1.00 million per rai. Then, factors affecting land value including location, shape and size of land physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Weight Quality Score: WQS

Factors	Appraised land	Data 1	Data 2	Data 3	Data 4
Property type	Land with constructions	Vacant land	Vacant land	Vacant land	Vacant land
Land area (rai)	34-1-0.7 rai	15-0-0 rai	27-0-0 rai	21-3-0 rai	14-3-52.0 rai
Location	101 Moo 3 Ban Numhua-Ban Khuankun Rd.	Ban Numhua-Ban Khuankun Rd	Ban Numhua-Ban Khuankun Rd	Ban Numhua-Ban Khuankun Rd	Padang Besar Rd., Soi 9 Sa Dao-Padang Besar Rd. (Highway No.4054)

Factors	Appraised land	Data 1	Data 2	Data 3	Data 4
Surrounding	Residential and Industrial area				
Utilities	Electricity and Telephone				
Type of asset road	7-meter width reinforced concrete road	6-meter width paved way	7-meter width paved way	7-meter reinforced concrete road	7-meter width reinforced concrete road
Land shape	Polygon	Rectangle	Polygon	Polygon	Rectangle
Frontage (m.)	214.00	100.00	200.00	245.00	238.00
Land level (m.)	0.00	0.00	-0.50	-0.50	-0.50
Offering price (Baht/rai)		1,000,000	600,000	735,632	840,054
Bargaining and liquidity price (Baht/rai)		800,000	500,000	620,000	700,000
Adjustment: land filling fee (Baht/rai)		-	75,000	75,000	75,000
Preliminary adjusted price (Baht/rai)		800,000	575,000	695,000	775,000

Factors	Score (%)	Appraised land ^{1/}	Data 1 ^{1/}	Data 2 ^{1/}	Data 3 ^{1/}	Data 4 ^{1/}
Location	25	7	7	7	7	8
Surrounding	25	7	7	7	7	8
Transportation	-	7	7	7	7	7
Utilities	-	7	7	7	7	7
Land shape and area	25	7	8	6	7	8
Advantage and suitable	25	7	8	6	7	8
Legal restriction / City plan	-	6	6	6	6	6
Total score	100	700	750	650	700	800

COMPARABLE OF WEIGHTED QUALITY SCORE

		Appraised land set 1	Data 1	Data 2	Data 3	Data 4
Adjust Ratio			0.933	1.077	1.000	0.875
Adjusted price	(Baht/rai)		590,163	628,026	412,283	493,415
WQS	(%)	100%	30.00%	20.00%	35.00%	15.00%
Comparable value of land	(Baht)	692,815	224,000	123,846	243,250	101,719
Market value of land	(Baht/rai)	700,000				

Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-157.1 dated October 29, 2020.

Remark: 1/ Rating score 1-2 = inferior, 3-4 = somewhat inferior, 5-6 = moderate, 7-8 = good, 9-10 = excellent

The market value of such land as appraised by the Independent Property Appraiser according to the property appraisal report No. 63-FSCR-GR-157.1 dated October 29, 2020 is equal to Baht 0.70 million/rai or a total of Baht 23.98 million.

The IFA is of the opinion that the Market Comparable Approach is an appropriate method in determining value of assets that has available comparable and sufficient market price of assets sold/offered for sale such as vacant land. In addition, the IFA views that the comparable vacant lands used herein are appropriate as they are in the proximity of the appraised land. Moreover, the Independent Property Appraiser made adjustment to various factors according to the characteristics of each asset comparing to those of the appraised land. Therefore, the adjusted value should be able to reflect appropriate and more comparable value.

– Building and constructions

According to the property appraisal report dated October 29, 2020 (No. 63-FSCR-GR-157.1), the Independent Property Appraiser employed the Cost Approach because it viewed that the appraised properties have specific features and are for specific use. Under the Cost Approach, the Independent Property Appraiser determined the Replacement Cost New, deducted by costs of physical deterioration, functional obsolescence, and economic obsolescence. Details of the appraisal are as tabulated below:

	Items	Area (Sq.m.)	Replacement Cost New		Age (Year)	Depreciation (%)	Depreciated Replacement Cost New (Baht million)
			Average unit (Baht/Sq.m.)	Total (Baht million)			
1	Factory with 2-storey office building						
	- Office area	275.00	12,000	3.30	25	40.0%	1.98
	- Factory area	9,015.00	8,500	76.63	25	57.5%	32.57
	- Open space with rooftop	693.00	2,000	1.39	25	70.0%	0.42
	Total area	9,983.00	8,145.20	81.31			34.96
2	2-storey staff house	497.50	5,606.43	2.79	21	32%	1.89
3	Canteen	240.00	4,260	1.02	20	30% - 55%	0.57

	Items	Area (Sq.m.)	Replacement Cost New		Age (Year)	Depreciation (%)	Depreciated Replacement Cost New (Baht million)
			Average unit (Baht/Sq.m.)	Total (Baht million)			
4	3 units of Labor Camp (20 rooms)	1,680.00	2,775.00	4.66	20	55%	2.10
5	Other Constructions						
	5.1 Small Grocery store	168.00	4,057.14	0.68	20	30% - 55%	0.47
	5.2 Bathroom-toilet 1	48.00	3,500	0.17	20	55%	0.08
	5.3 Bathroom-toilet 2	24.00	3,500	0.08	25	70%	0.03
	5.4 Reinforced concrete water tank 1	32.00	3,000	0.10	13	34%	0.06
	5.5 Reinforced concrete water tank 2	128.00	5,000	0.64	13	34%	0.42
	5.6 Security guard quarter (2 houses)	8.00	15,500	0.12	20	55%	0.06
	5.7 Concrete road (Factory's front)	6,990.00	1,200	8.39	23	64%	3.02
	5.8 Fence-gate	2,188.25	1,500	3.28	19	52%	1.57
	Total value of buildings and construction			103.25			45.23

Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-157.1 dated October 29, 2020.

The IFA is of the same opinion as the Independent Property Appraiser regarding the appropriateness of the Depreciated Replacement Cost Approach used for valuing the buildings and constructions because the properties were designed for specific use and there were adjustments for depreciation according to their existing stage and age as of the survey date in order to reflect their current status. Therefore, the buildings and land improvement of ANV appraised by the Independent Property Appraiser according to the report No. 63-FSCR-GR-157.1 dated October 29, 2020, using the Depreciated Replacement Cost Approach, is at Baht 45.23 million.

Summary of the appraised value of land and Constructions of ANV as determined by the Independent Property Appraiser is as follows:

Items	Appraised value (Baht million)
Land	23.98
Buildings and Constructions	45.23
Total appraised assets	69.21

The market value of assets to be acquired as appraisal by the Independent Property Appraiser according to the property appraisal report No. 63-FSCR-GR-157.1 dated October 29, 2020 is at a total of Baht 69.21 million.

Summary of the IFA's opinion on the acquisition price of ANV's land with constructions

Comparison of fair value of land with construction to be acquired and the acquisition price is as follows:

Land with Constructions – ANV	Fair Value of Assets to be Acquired (Baht million)	Acquisition Price (Baht million)	Acquisition Price Higher (Lower) than Appraised value	
			(Baht million)	(%)
			(3) = (1) – (2)	(4) = (3)/(2)
Land with constructions – ANV	69.21	69.21	-	-

Remark:

1/ Fair value of land derived from the property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-157.1 dated October 29, 2020. The Independent Property Appraiser applied Market Comparison Approach for the appraisal of land and applied Depreciated Replacement Cost Approach for the appraisal of constructions.

The fair value of land with constructions of ANV to be acquired, as determined by Independent Property Appraiser, is at Baht 69.21 million which is equal to the acquisition price. **Therefore, CapAd is of the opinion that acquisition price of ANV's land with constructions in the total amount not exceeding Baht 69.21 million is appropriate.**

Transaction 4: Acquisition of Land with Constructions in Chumphon Province from STA

The Company will acquire 12 adjacent plots of land with a total area of 334-0-6.2 rai together with 5 construction items, located in Khao Chairat Sub-district, Pathio District, Chumphon Province. The Company has the objective to acquire land for construction of a new latex glove production facility in Pathio District, Chumphon Province ("Chumphon Branch Project"). The Independent Financial Advisor applied the following approaches in the evaluation of fair value of land with constructions to be acquired at this time:

- 1) Fair value of land with constructions shall be evaluated by comparing the acquisition price with the appraisal price determined by the Independent Property Appraiser.
- 2) In the assessment of appropriateness of investment in Chumphon Branch Project, the IFA applied the Discounted Cash Flow Approach to determine free cash flow of Chumphon Branch Project to calculate:
 - Internal Rate of Return ("IRR") of Chumphon Branch Project
 - Net Present Value ("NPV") of Chumphon Branch Project by using weighted average cost of capital ("WACC") of the Company as a discount rate, and
 - Payback Period ("PB") of Chumphon Branch Project

Chumphon Branch Project has been approved by the Board of Directors' meeting of the Company and was one of the Company's business expansion plan as disclosed in the IPO Prospectus of the Company since June 2020.

Summary of the valuation are as follows:

4.1 Fair Value of Land with Constructions of STA in Chumphon Province

CapAd evaluated value of STA's land with constructions, which is located in Pathio District, Chumphon Province, by comparing value of the land with constructions with the appraised value as determined by the Independent Property Appraiser value.

STA appointed First Star Consultant Co., Ltd. ("the Independent Property Appraiser"), which is an SEC-approved independent property appraiser, to evaluate its land and constructions. The Independent Property Appraiser surveyed and appraised these properties on October 5, 2020 as per the report dated October 29, 2020 (No. 63-FSCR-GR-216) for public proposes by employing the Depreciated Replacement Cost Approach. Details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

The Independent Property Appraiser appraised value of 12 plots of land with a total area of 334-0-6.2 rai (334.0155 rai), which are classified into 2 groups as follows:

- Assets Group 1 consists of land with constructions with a total area of 283-2-82.2 rai (283.7055 rai), located at 88/1 Petchakasem Road (Highway No. 4), Km. 427-428 Khao Chairat Sub-district, Pathio District, Chumphon Province.
- Assets Group 2 consists of vacant land with a total area of 50-1-24.0 rai (50.31 rai), located at Soi Khao Lhiang Mapammarit-Thung Maha Road (Highway No. 3253), Km. 1-2 Khao Chairat Sub-district, Pathio District, Chumphon Province.

Details of appraised assets are as follows:

Land - Group 1								
No.	Land Title Deeds No.	Parcel No.	Dealing Title No.	Land Area as per Title Deed			Owner	Encumbrance on Property
				Rai	Ngan	Sq. wah		
1	26271	95	2945	25	3	28.1	Sri Trang Agro-Industry Public Company Limited	N/A
2	26352	96	2946	11	1	46.4		
3	26334	97	2947	18	1	38.1		
4	26335	98	2948	23	0	74.6		
5	16321	122	2968	47	3	62.0		
6	27384	123	2969	40	3	48.0		
7	26773	124	2970	38	2	69.0		
8	26774	125	2971	33	1	81.0		
9	27385	126	2972	28	3	68.0		
10	26775	127	2973	15	0	67.0		
Total area Land - Group 1				283	2	82.2		
Land - Group 2								

Land - Group 1								
No.	Land Title Deeds No.	Parcel No.	Dealing Title No.	Land Area as per Title Deed			Owner	Encumbrance on Property
				Rai	Ngan	Sq. wah		
No.	Land title deeds No.	Parcel No.	Dealing title No.	Land Area as per title Deed			Owner	Encumbrance on property
				Rai	Ngan	Sq. wah		
11	26776	128	2974	22	2	68.0	Sri Trang Agro-Industry Public Company Limited	N/A
12	27386	129	2977	27	2	56.0		
Total area Land - Group 2				50	1	24.0		
Grand total Land - Group 1 + 2				334	0	6.2		

- Assets Group 1**

- Land - Group 1

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics as the appraised asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 4 selected data of vacant land in nearby areas for comparison with the offering/selling price of Baht 0.40 – 1.00 million per rai. Then, factors affecting land value including location, shape and size of land physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Weight Quality Score: WQS

Factors	Appraised Land - Group 1	Data 1	Data 2	Data 3	Data 4	
Property type	Vacant land with buildings	Vacant land	Vacant land	Vacant land	Vacant land	
Land area (rai)	283-3-82.2	112-0-0	24-0-0	48-1-69.0	300-0-0	
Location	Petchkasem Rd. (Highway No. 4) Km. 427-428	Petchkasem Rd. (Highway No. 4) Km. 434-435	Petchkasem Rd. (Highway No. 4) Km. 435-436	Mapammarit-Tung Maha Rd. (Highway No. 3253) from Petchkasem Rd. (Highway No. 4)	Soi Khaosator from Petchkasem Rd. (Highway No. 4)	
Surrounding	Industrial and Agriculture area					
Utilities	Electricity, water supply, and telephone					
Type of asset road	16/60-meter width paved way			6/40-meter. width paved way	5/10-meter width paved way	
Land shape	Polygon	Polygon	Polygon	Polygon	Polygon	
Frontage (m.)	160.00	400.00	310.00	195.00	380.00	
Land level (m.)	0.00	0.00	0.00	0.00	0.00	
Offering price (Baht/rai)		1,000,000	1,000,000	500,000	400,000	
Bargaining and liquidity price (Baht/rai)		650,000	760,000	480,000	360,000	
Adjustment: Rubber wood and Palm (Baht/rai)		40,000	-	40,000	20,000	
Adjustment: Land filling fee (Baht/rai)		-	-	-	-	
Preliminary adjusted price (Baht/rai)		610,000	760,000	440,000	340,000	
Factors	Score (%)	Appraised Assets Group 1 ^{1/}	Data 1 ^{1/}	Data 2 ^{1/}	Data 3 ^{1/}	Data 4 ^{1/}
Location	20	7	7	7	6	4
Surrounding	15	7	7	7	6	5
Transportation	15	7	7	7	6	5
Utilities	15	7	7	7	7	5
Land shape and area	20	4	5	8	7	3
Advantage and Suitable	15	4	4	7	6	3
Legal restriction / City plan	-	7	7	7	7	7
Total score	100	595	615	720	635	410
COMPARABLE OF WEIGHTED QUALITY SCORE						
		Appraised Assets Group 1	Data 1	Data 2	Data 3	Data 4
Adjust ratio			0.97	0.83	0.94	1.45
Adjusted price	(Baht/rai)		590,163	628,026	412,283	493,415
WQS	(%)	100%	35.00%	20.00%	30.00%	15.00%
Comparable value of land	(Baht)	529,865	206,557	125,611	123,685	74,012
Market value of land	(Baht/rai)	530,000				

Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-216 dated October 29, 2020.

Remark: 1/ Rating score 1-2 = inferior, 3-4 = somewhat inferior, 5-6 = moderate, 7-8 = good, 9-10 = excellent

The market value of Land - Group 1 as appraised by the Independent Property Appraiser according to the property appraisal report No. 63-FSCR-GR-216 dated October 29, 2020 is equal to Baht 0.53 million/rai or a total value of Baht 150.36 million.

The IFA is of the opinion that the Market Comparable Approach is an appropriate method in determining value of assets that has available comparable and sufficient market price of assets sold/offered for sale such as vacant land. In addition, the IFA views that the comparable vacant land used herein are appropriate as they are in the proximity of the appraised land. Moreover, the Independent Property Appraiser made adjustment to various factors according to the characteristics of each asset comparing to those of the appraised assets. Therefore, the adjusted value should be able to reflect appropriate and more comparable value.

Buildings and constructions

According to the property appraisal report dated October 29, 2020 (No. 63-FSCR-GR-216), the Independent Property Appraiser employed the Cost Approach because it viewed that the appraised properties have specific features and are for specific use. Under the Cost Approach, the Independent Property Appraiser determined the Replacement Cost New, deducted by costs of physical deterioration, functional obsolescence, and economic obsolescence. Details of the appraisal are as tabulated below:

	Items	Area (Sq.m.)	Replacement Cost New		Age (Year)	Depreciation (%)	Depreciated Replacement Cost New (Baht million)
			Average Unit (Baht/Sq. m.)	Total (Baht million)			
1	Crepe rubber-storage building	396.00	3,500	1,386.00	5	10%	1.25
2	1-storey restroom-building	6.80	800 – 6,800	50.56	5	10%	0.05
3	Open space with rooftop	54.00	2,000	108.00	5	10%	0.10
4	Reinforced concrete yard	1,300.00	1,200	1,560.00	5	10%	133
5	Metal sheet fence	470.00	600	282.00	5	10%	0.24
	Total value of building and constructions			3,386.56			2.96

Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-216 dated October 29, 2020.

The IFA is of the same opinion as the Independent Property Appraiser regarding the appropriateness of the Depreciated Replacement Cost Approach used for valuing the buildings and constructions because the properties were designed for specific use and there were adjustments for depreciation according to their existing stage and age as of the survey date in order to reflect their current status. Therefore, the building and land improvement of STA were appraised by the Independent Property Appraiser according to the report No. 63-FSCR-GR-216 dated October 29, 2020, using the Depreciated Replacement Cost Approach, is at Baht 2.96 million.

- **Assets Group 2**

Land - Group 2

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics as the appraised asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 4 selected data of vacant land in nearby areas for comparison with the offering/selling price of Baht 0.45 – 0.65 million per rai. Then, factors affecting land value including location, shape and size of land physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Weight Quality Score: WQS

Factors	Appraised Land - Group 2	Data 1	Data 2	Data 3	Data 4
Property type	Vacant land	Vacant land	Vacant land	Vacant land	Vacant land
Land area (rai)	50-1-24	48-1-69.0	300-0-0	52-0-0	283-0-0
Location	Soi Khao Lhiang, Petchkasem Rd. (Highway No. 4)	Mapammarit-Tung Maha Rd. (Highway No. 3253) from Petchkasem Rd. (Highway No. 4)	Soi Khao Sator from Petchkasem Rd. (Highway No. 4)	Soi Khao Sator from Petchkasem Rd. (Highway No. 4)	Khao Chairat Train station-Petchkasem Rd. from Petchkasem Rd. (Highway No. 4)
Surrounding	Agriculture area	Industrial and Agriculture area			

Factors	Appraised Land - Group 2	Data 1	Data 2	Data 3	Data 4
Utilities	Electricity, water supply, and telephone	Electricity, water supply, and telephone	Electricity	Electricity	Electricity, water supply, and telephone
Type of assets road	5/10-meter width paved way	6/40-meter width paved way	5/10-meter width paved way	5/10-meter width paved way	5/116-meter width paved way
Land shape	Polygon	Polygon	Polygon	Polygon	Polygon
Frontage shape (m.)	340.00	195.00	380.00	600.00	75.00
Land level (m.)	0.00	0.00	0.00	0.00	0.00
Offering price (Baht/rai)		500,000	400,000	650,000	450,000
Bargaining and liquidity price (Baht/rai)		480,000	360,000	560,000	360,000
Adjustment: Rubber wood and Palm (Baht/rai)		40,000	20,000	-	-
Adjustment: Land filling fee (Baht/rai)		-	-	-	-
Preliminary adjusted price (Baht/rai)		440,000	340,000	560,000	360,000

Factors	Score (%)	Appraised Land - Group 2 ^{1/}	Data 1 ^{1/}	Data 2 ^{1/}	Data 3 ^{1/}	Data 4 ^{1/}
Location	20	4	6	4	5	5
Surrounding	15	5	6	5	5	5
Transportation	15	5	6	5	5	5
Utilities	15	6	7	5	5	7
Land shape and area	20	7	7	3	7	3
Advantage and suitable	15	6	6	3	6	3
Legal restriction / City plan	-	7	7	7	7	7
Total score	100	550	635	410	555	460

COMPARABLE OF WEIGHTED QUALITY SCORE

		Appraised Land - Group 2	Data 1	Data 2	Data 3	Data 4
Adjust ratio			0.87	1.34	0.99	1.20
Adjusted price	(Baht/rai)		381,102	456,098	554,955	430,435
WQS	(%)	100%	20.00%	15.00%	45.00%	20.00%
Comparable value of land	(Baht)	480,452	76,220	68,415	249,730	86,087
Market value of land	(Baht/rai)	480,000				

Source: Property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-216 dated October 29, 2020.

Remark: 1/ Rating score 1-2 = inferior, 3-4 = somewhat inferior, 5-6 = moderate, 7-8 = good, 9-10 = excellent.

The market value of such Land - Group 2 as appraised by the Independent Property Appraiser according to the property appraisal report No. 63-FSCR-GR-216 dated October 29, 2020 is equal to Baht 0.48 million/rai or a total value of Baht 24.15 million.

The IFA is of the opinion that the Market Comparable Approach is an appropriate method in determining value of assets that has available comparable and sufficient market price of assets sold/offered for sale such as vacant land. In addition, the IFA views that the comparable vacant land used herein are appropriate as they are in the proximity of the appraised land. Moreover, the Independent Property Appraiser made adjustment to various factors according to the characteristics of each asset comparing to those of the appraised assets. Therefore, the adjusted value should be able to reflect appropriate and more comparable value.

Summary of the appraised value of Property Group 1 and Property Group 2 as determined by the Independent Property Appraiser is as follows:

Items	Appraised Value by the Independent Property Appraiser (Baht million)
Appraised Land - Group 1	150.36
Appraised Land - Group 2	24.15
Buildings and constructions - Group 1	2.96
Total appraised asset	177.47

The market value of such land as appraised by the Independent Property Appraiser according to the property appraisal report No. 63-FSCR-GR-216 dated October 29, 2020 is at a total of Baht 177.47 million.

Summary of the IFA's Opinion on the Acquisition Price of STA's Lands in Chumphon Province

Comparison of fair value of land with constructions to be acquired as determined by the Independent Property Appraiser and the acquisition price is as follows:

Land with Constructions - Chumphon	Appraised Value of Assets to be Acquired	Acquisition Price	Acquisition Price Higher (Lower) than Appraised Value	
	(Baht million)	(Baht million)	(Baht million)	(%)
	(1)	(2)	(3) = (1) - (2)	(4) = (3)/(2)
Land with constructions	177.47	177.47	-	-

Remark: 1/ Appraisal price according to property appraisal report prepared by First Star Consultant Co., Ltd. No. 63-FSCR-GR-216 dated October 29, 2020. The Independent Property Appraiser applied Market Comparison Approach for the appraisal of land and applied the Depreciated Replacement Cost Approach for the appraisal of buildings and constructions.

Fair value of land with constructions to be acquired from STA, as determined by the Independent Property Appraiser is at Baht 177.47 million, equal to the acquisition price. **Therefore, CapAd is of the opinion that acquisition price of land with constructions in the total amount not exceeding Baht 177.47 million, is appropriate.**

4.2 Assessment of Appropriateness of an Acquisition of Land with Constructions from STA by Assessing the Appropriateness of Investment in Chumphon Branch Project

In an assessment of appropriateness of acquisition of STA's land with constructions in Chumphon Province by assessing the appropriateness of investment in Chumphon Branch Project, the IFA applied the Discounted Cash Flow Approach to determine free cash flow of Chumphon Branch Project to calculate:

- Internal Rate of Return ("IRR") of Chumphon Branch Project
- Net Present Value ("NPV") of Chumphon Branch Project by using weighted average cost of capital ("WACC") of the Company as a discount rate, and
- Payback Period ("PB") of Chumphon Branch Project

In considering the appropriateness of the entering into this transaction, the IFA prepared financial forecast of Chumphon Branch Project based on business plan of the Company, investment plan and details proposed to the Board of Directors' meeting of the Company, historical performance of the Company, current industry outlook and effects from COVID-19 pandemic to rubber glove industry, economic conditions based on conservative basis. In this regard, the IFA prepared financial forecast for a period of 11 years from 2021 – 2031 based on an assumption that the Company's operation is on a going-concern basis without any significant changes under the current economic condition and circumstances.

The IFA prepared financial forecast of Chumphon Branch Project based on information and assumptions provided by the Company and interview with management and relevant officers. The objective of financial forecast is to assess the appropriateness of investment in the acquiring assets only. If there is any change in overall economic outlook and other internal and external factors that materially affect Chumphon Branch Project's or the Company's business operations or assumptions used herein, the appropriateness of investment determined under this approach may change accordingly.

Feasibility Study of an Investment in Chumphon Branch Project

The Company has planned to construct new rubber glove facility on the land to be acquired from STA. The Chumphon Branch Project will have 28 production lines with the technical capacity²⁷ of approximately 9,449 million pieces per year for manufacturing of Nitrile Butadiene Rubber (NBR) and Natural Rubber Powder Free (NRPF). The Chumphon Branch Project is expected to complete in 2022 – 2023. At present, the Company is applying for the BOI promotional privileges for this project.

▪ **Revenue from sale**

The IFA assumed capacity utilization for 2022 at 85% of technical capacity and increase to 90% of technical capacity from year 2023 onward, based on capacity utilization of Hat Yai Brach in 2018 – 2019 and Q1/2021 (which was in the range of 89.44% - 96.5%), the period prior to an increase in production capacity in order to respond to market demand from COVID-19 pandemic.

The average price of NBR is estimated at Baht 721.60 per 1,000 pieces and the average price of NRPF is estimated at Baht 718.38 per 1,000 pieces, based on the average selling price in 2018 – 2019, which was pre-COVID-19 period. The IFA assumed the average selling price of medical glove would return to normal level around the end of 2021. *(Please find more details in Part 3, Transaction 2, Clause 2.2.1 Rubber Glove Industry Outlook)*

In addition, the IFA assumed average selling price of rubber glove to be constant throughout the projection period. We viewed that after COVID-19 pandemic, demand and supply for rubber glove will adjust to equilibrium or may be at an over-supply level, leading to price competition.

Summary of projected revenue from sale of Chumphon Branch Project is as follows:

Chumphon Branch Project	2022F ^{3/}	2023F ^{3/}	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Technical capacity ^{1/} (million pcs.)	3,087.58	8,387.04	9,449.40	9,449.40	9,449.40	9,449.40	9,449.40	9,449.40	9,449.40	9,449.40
Capacity utilization ^{2/6/} (million pcs.)	2,624.44	7,548.34	8,504.46	8,504.46	8,504.46	8,504.46	8,504.46	8,504.46	8,504.46	8,504.46
Utilization rate	85.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
Average selling price - NBR ^{4/} (Baht/1,000 pcs.)	721.60	721.60	721.60	721.60	721.60	721.60	721.60	721.60	721.60	721.60

²⁷ Technical capacity is estimated based on installed capacity and adjusted by maintenance period according to annual maintenance schedule.

Chumphon Branch Project	2022F ^{3/}	2023F ^{3/}	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Average selling price - NRPF ^{4/} (Baht/1,000 pcs.)	718.38	718.38	718.38	718.38	718.38	718.38	718.38	718.38	718.38	718.38
% growth of average selling price		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Revenue from sale (Baht million)	1,889.57	5,434.73	6,123.13	6,123.13	6,123.13	6,123.13	6,123.13	6,123.13	6,123.13	6,123.13
% growth of revenue from sale		187.62	12.67%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Remark: 1/ Technical capacity is estimated based on installed capacity and adjusted by maintenance period according to annual maintenance schedule.

2/ Sale volume to technical capacity

3/ Started with 20 production lines in 2022 and increased to 28 production lines in 2023.

4/ Nitrile Butadiene Rubber (NBR)

5/ Natural Rubber Powder Free (NRPF)

6/ Assumed production of NBR to NRPF at 50:50 based on STGT's business plan.

▪ **Cost of sale (excluding depreciation and amortization expenses)**

Cost of sale consisted of raw material cost, utility expenses, labor cost, and other expenses.

In preparing this financial forecast, the IFA assumed cost of sale (excluding depreciation and amortization expenses) at 78.10%²⁸ of revenue from sale, based on average ratio of cost of sale to revenue from sale in 2018 – 2019 and Q1/2020 (Pre-COVID-19) (where ratio of cost of sale to revenue from sale was in the range of 75.5% - 81.5%). However, in Q2/2020 – Q3/2020 during the outbreak of COVID-19 pandemic, average cost of sale to revenue from sale dropped to 65% and 37% of revenue from sale in Q2/2020 and Q3/2020 respectively.

▪ **Selling expenses**

Selling expenses comprised of transportation costs, employee expenses, commission and sale promotion expenses, insurance expenses, and other expenses.

The IFA has made this financial projection based on the assumptions for selling expenses as follows:

- Transportation costs for 2021 are assumed at Baht 10.00 per 1,000 pieces, based on the average transportation costs per 1,000 pieces in 2018 – 2019 and Q1/2020 – Q3/2020. Transportation costs per 1,000 pieces from 2022 onward is assumed to grow by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).
- Employee expenses for 2021 are assumed at Baht 4.10 per 1,000 pieces, based on the average employee expenses per 1,000 pieces in 2019 and Q1/2020 – Q3/2020. The IFA has not considered the employee expenses in 2017 – 2018 due to organizational restructuring and transfer of sale team from STA after such period. In addition, from 2022 onward, employee expenses per 1,000 is assumed to grow by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).
- Commission and sale promotion expenses and insurance expenses are assumed at 0.36% of revenue from sales, based on the average ratio of commission and sale promotion expenses and insurance expenses to revenue from sale in 2018 – 2019 and Q1/2020 – Q3/2020.
- Other expenses for 2021 are assumed at Baht 2.40 per 1,000 pieces, based on the average other expense per 1,000 pieces in 2018 – 2019 and Q1/2020 – Q3/2020. Other expenses per 1,000 from 2022 onward are assumed to grow by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).

▪ **Administrative expenses (excluding depreciation expenses)**

Administrative expenses consist of employee expenses, office expenses, professional fees, bank charge, and other expenses.

The IFA assumed administrative expenses for 2021 at Baht 14.40 per 1,000 pieces, based on the average administrative expenses of the Company in 2019 and Q1/2020 – Q3/2020. The IFA did not

²⁸ Cost structure consists of raw material cost of approximately 55%, utilities cost of approximately 27%, and labor cost of approximately 18%.

consider the administrative expenses in 2017 – 2018 due to demerger and organizational restructuring during such period.

In addition, from 2022 onward, the IFA assumed average administrative expenses to increase by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).

- **Financial cost**

Source of fund for Chumphon Branch Project will be from IPO proceed.

- **Corporate income tax**

The IFA assumed that Chumphon Branch Project would be granted the BOI promotional privileges for medical latex glove manufacturing business. Tax privileges include exemption of corporate income tax for 8 years similar to those of Sadao 1 Branch Project.

After the tax exemption period, the IFA assumed corporate income tax at 20%.

- **Capital expenditure**

The Company estimated project cost for Chumphon Branch Project at a total of Baht 5,827.47 million, and the investment period will be during 2021 – 2022. Details of the investment are as follows:

Chumphon Branch Project	Baht million
Acquisition price of land from STA	177.47
Construction, machines and equipment	5,650.00
Total project cost	5,827.47

The IFA expected the manufacturing of the first 20 production lines to commence in 2022 and another 8 production lines to commence in 2023.

In addition, the IFA assumed additional capital expenditure for 2024 at Baht 56.50 million per year (approximately 1% of total investment in buildings and machines), and from 2025 onward, the capital expenditure is assumed to grow by 1.89% per annum, based on the average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020).

- **Current assets and current liabilities turnover**

Projection is made based on historical data of STGT in 2017 - 2019 and Q1/2020 as follows:

Trade and other accounts receivable	46 days on average
Inventories	20 days on average
Trade and other accounts payable	14 days on average

Summary of the financial projection of Chumphon Branch Project is as follows:

(Unit: Baht million)

Chumphon Branch Project	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Statement of income										
Revenue from sale	1,889.57	5,434.73	6,123.13	6,123.13	6,123.13	6,123.13	6,123.13	6,123.13	6,123.13	6,123.13
Cost of sale	1,475.76	4,244.53	4,782.16	4,782.16	4,782.16	4,782.16	4,782.16	4,782.16	4,782.16	4,782.16
Gross profit	413.82	1,190.21	1,340.97	1,340.97	1,340.97	1,340.97	1,340.97	1,340.97	1,340.97	1,340.97
Selling expenses	51.81	151.46	173.45	176.30	179.22	182.18	185.21	188.29	191.43	194.62
Administrative expenses	46.16	127.75	146.65	149.43	152.25	155.13	158.06	161.05	164.09	167.19
EBITDA	315.85	911.00	1,020.87	1,015.24	1,009.50	1,003.65	997.70	991.63	985.45	979.15
EBIT	296.29	704.07	724.17	706.80	689.11	671.09	664.03	656.83	649.49	642.02
Net profit	296.44	704.19	724.28	706.92	689.23	671.20	664.13	656.94	649.70	642.02

- **Terminal value growth**

The IFA assumed terminal value growth of 0.00% per annum based on conservative basis.

- **Discount rate**

The IFA has adopted the weighted average cost of capital (WACC), derived from a weighted average of cost of debt (K_d) and cost of equity (K_e), as a discount rate for the calculation of present value of cash flow as follows:

WACC	=	$K_e * E / (D + E) + K_d * (1 - T) * D / (D + E)$
K_e	=	Cost of equity or required rate of return (R_e)

K_d	=	Cost of debt or interest rate on loan of STGT
T	=	Corporate income tax
E	=	Total shareholders' equity
D	=	Interest-bearing debt

Cost of equity (K_e) or required rate of return (R_e) is calculated by using the capital asset pricing model (CAPM) as follows:

$$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f)$$

Where:

Risk free rate (R_f)	=	2.18% per annum based on 30-year government bond yield (information as of October 22, 2020), which is currently the longest government bond continually issued and offered in the market under the assumption that the business is on a going concern basis
Beta (β)	=	0.8974 times, based on the average unlevered beta of 5 listed companies ²⁹ on the Bursa Malaysia (MYX) and the Singapore Exchange (SGX) (average over the past one year up to October 22, 2020) operating similar business of manufacturing and distribution of rubber glove products to STGT and adjusted by the interest-bearing debt to equity ratio of STGT as of September 30, 2020
Market risk (R_m)	=	12.17% per annum, which is the average annual rate of return on investment in the SET over the past 28 years from 1992 to 2019 (period from the enforcement of the Securities and Exchange Act B.E. 2535) as it is the most suitable period to reflect the average rate of return from the SET
K_d	=	2.82% per annum, which is equal to the current effective interest rate of STGT
D/E ratio	=	0.19 time, which is equal to the interest-bearing debt to equity ratio of STGT as of September 30, 2020
T	=	The assumed corporate income tax rate of 20% per annum

Therefore, the discount rate or WACC is at 9.70% per annum.

Based on the above assumptions, Chumphon Branch Project's future cash flow can be projected as follows:

	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Chumphon Project											
EBITDA	-	315.85	911.00	1,020.87	1,015.24	1,009.50	1,003.65	997.70	991.63	985.45	979.15
Corporate tax	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(129.90)	(128.40)
Working capital	-	(285.07)	(534.84)	(103.86)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital expenditure	-	(3,632.14)	(1,670.79)	(57.57)	(58.66)	(59.76)	(60.89)	(62.04)	(63.22)	(64.41)	(65.63)
Net cash flow of the project	(581.04)	(3,601.37)	(1,294.63)	859.44	956.58	949.74	942.76	935.65	928.41	791.14	785.12
PV of net cash flow of the project	(545.35)	(2,992.64)	(980.68)	593.46	602.13	544.96	493.12	446.13	403.54	313.46	283.57

(Unit: Baht million)

Chumphon Branch Project	
PV of cash flow	(838.30)
PV of terminal value	2,923.40
NPV of Chumphon Branch Project	2,085.10
Internal Rate of Return (IRR) (% per annum)	14.09%
Payback Period	8.89 years

(Unit: Baht million)

By applying a discount rate of 9.70% per annum, net present value of free cash flow of Chumphon Branch Project is equal to Baht 2,085.10 million. Internal Rate of Return (IRR) of the Project is 14.09% per annum and payback period is 8.89 years.

²⁹ Top 5 global rubber glove manufacturers comprised of 4 listed companies in the Bursa Malaysia, namely, Top Glove Corporation Bhd., Supermax Corp. Bhd., Kossan Rubber Industries Bhd., and Hartalega Holdings Bhd., and 1 listed company in the Singapore Stock Exchange, namely, Riverstone Holdings Limited. (The IFA has not considered Beta of STGT since STGT was listed on the SET on July 2, 2020 where trading of STGT shares is less than 360 business days).

Sensitivity Analysis

The IFA conducted sensitivity analysis on cash flows of Chumphon Branch Project by adjusting the significant variables as follows:

- (1) Adjust growth rate of selling price of rubber glove to 1.89% per annum, which is equivalent to average growth rate of CPI over the past 20 years (2001 - 2019 and 10M/2020) (from 0% to 1.89% per annum).
- (2) Adjust gross profit margin from 21.90% to 20.90%

The IFA views that the range of adjustments above are suitable after considering historical information of the Project and industry information. Summary of the sensitivity analysis is as follows:

Chumphon Branch Project		Growth Rate of Selling Price of Rubber Glove	
		0.00%	1.89%
Total project cost (Baht million)		5,827.47 ^{1/}	5,827.47 ^{1/}
Gross profit margin 20.9% (excluding depreciation expenses)	NPV (Baht million)	1,606.75	2,623.58
	IRR (% p.a.)	13.07%	14.88%
	Payback Period (years)	9.40	8.80
Gross profit margin 21.9% (excluding depreciation expenses)	NPV (Baht million)	2,085.10	3,159.07
	IRR (% p.a.)	14.09%	15.94%
	Payback Period (years)	8.89	8.38

Remark: 1/ Total project cost = Acquisition price of land of 177.47 million + Investment in building and machines of Baht 5,650.00 million.

The outcomes of the sensitivity analysis are as follows:

- Net present value of cash of Chumphon Branch Project is in the range of Baht 1,606.75 - 3,159.07 million.
- Internal rate of return of Chumphon Branch Project is in the range of 13.07% – 15.94% per annum.
- Payback period of Chumphon Branch Project is in the range of 8.38 – 9.40 years.

Financial projection and IRR of Chumphon Branch Project is based on assumptions provided by the Company under the normal economic conditions and circumstance. If there is any change in the business plan, government policy, or economic condition that materially affect the assumptions and variables used herein, future operating results of Chumphon Branch Project might not be as projected and the value of Chumphon Branch Project evaluated by this approach may change accordingly.

Summary of Opinion of the Independent Financial Advisor on the Appropriateness of the Investment in Chumphon Branch Project

From the feasibility study of Chumphon Branch Project, the IFA finds that NPV of the Project is in the range of Baht 1,606.75 - 3,159.07 million, IRR is in the range of 13.07% – 15.94% per annum which is higher than discount rate (WACC) of 9.70% per annum, and payback period is 8.38 – 9.40 years. Therefore, the IFA is of the opinion that the acquisition price of land with constructions from STA amounting to Baht 177.47 million and developing cost of Chumphon Branch Project amounting to not exceeding Baht 5,650.00 million, or equivalent to project value of Baht 5,827.47 million, **is feasible and appropriate**.

Part 4: Summary of Opinion of the Independent Financial Advisor on the Asset Acquisition and Connected Transactions

Please refer to the opinion of the Independent Financial Advisor in **"Executive Summary"** section on page 8 of this report.

However, shareholders should carefully study all documents and information attached to the notice to this shareholders' meeting, for the sake of their own decision making. Decision whether to approve the Asset Acquisition and Connected Transactions rests primarily and is the sole discretion of the shareholders.

CapAd, as the Independent Financial Advisor, hereby certifies that it has provided the above opinion cautiously in accordance with professional standard for the benefit of the shareholders.

Sincerely Yours,

The Independent Financial Advisor
Capital Advantage Co., Ltd.

-Patchara Netsuwan-

(Mr. Patchara Netsuwan)
Managing Director

-Patchara Netsuwan-

(Mr. Patchara Netsuwan)
Supervisor

Attachment 1

Business Overview and Operating Performance of Premiere System Engineering Co., Ltd.

1. General Information

Company name : Premiere System Engineering Co., Ltd. ("PSE")
 Main business : Comprehensive engineering services
 Head Office : 123 Moo 8 Kanjanavanich Road, Ban Phru Sub-district, Ht Yyai District, Songkhla Province
 Branch : 133 Rakphru Road, Ban Phru Sub-district, Hat Yai District, Songkhla Province
 Registered capital : Baht 50,000,000 divided into 500,000 ordinary shares at par value of Baht 100 per share
 Paid-up capital : Baht 50,000,000 divided into 500,000 ordinary shares at par value of Baht 100 per share

2. Business Overview

Premiere System Engineering Co., Ltd. (PSE) was incorporated on March 2, 1994 with an objective to provide comprehensive engineering services including design, fabrication, and installation of machines to factories in STA Group. The engineering services are as follows:

1. Provide service for design, fabrication, and installation of equipment, industrial machines, automation system, and assembly line.
2. Provide machinery maintenance service in term of mechanical and electrical.
3. Provide research and development services as well as innovation.
4. Provide calibration service in term of mass & weight, temperature, pressure and analytical tool with largest scope of services in the South to the companies in STA Group and outsiders.
5. Provide technical services including energy consumption analysis, structural design analysis, machinery vibration analysis, and laser alignment.
6. Provide consulting service for efficiency improvement of machines to comply with the law for example heat, sound, light measurement services, safety electrical system certification, and crane safety certification.
7. Provide consulting services related to environment and work safety to be in corresponding to the law and having patent on some products.

PSE received various quality certificates as follows:

- 2009 Received Occupational Health and Safety Certification: OHAS 18001:2007 from TUV Rheinland (Thailand) Co., Ltd.
- 2010 Received Quality Standard Certificate: ISO 9001:2008 from Management System Certification Institute (Thailand) (MASCI)
- 2011 Received Calibration Laboratory Standard Certificate: ISO/IEC 17025:2005 from Thai Industrial Standards Institute

PSE previously provided a turnkey service on fabrication and installation of latex glove manufacturing machines together with equipment system to 3 existing factories of the Company (having a total of 145 production lines with a combined installed capacity of 32,619 million pieces per year), and is currently in the process of fabricating and installing machines for capacity expansion of Surat Thani 2 Branches Factory and Surat Thai 3 Branch Factory (total of 18 production lines with a combined installed capacity of 6,169 million pieces per year, commencing construction in 2020).

Revenue structure in the past 3 years and in Q1-3/2020 is as follows:

Revenue Type	2017		2018		2019		9M/2020	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Fabrication and installation service	757.52	69.74	1,156.73	80.56	2,006.81	87.20	402.05	62.14
Maintenance services	82.91	7.63	22.61	1.57	23.66	1.03	19.19	2.97
Cleaning services	57.91	5.33	72.42	5.04	85.19	3.70	79.73	12.32
Calibration services	14.92	1.37	13.72	0.96	12.08	0.52	10.44	1.61
Sale of raw material	161.36	11.31	162.38	11.31	163.83	7.12	131.33	20.30
Service income	6.00	0.55	-	-	-	-	-	-

Revenue Type	2017		2018		2019		9M/2020	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Rental income	0.60	0.06	0.05	0.00	-	-	-	-
Total revenue from sale	1,081.21	99.54	1,472.92	99.47	2,291.57	99.57	642.73	99.35
Interest income	0.97	0.09	3.61	0.25	1.38	0.06	0.34	0.05
Other revenue ^{1/}	4.04	0.37	4.05	0.28	8.44	0.37	3.89	0.60
Total	1,086.23	100.00	1,435.58	100.00	2,301.39	100.00	646.96	100.00

Source: PSE

Remark: 1/ other revenue comprised of service income and revenue from sale of scrap

3. Board of Directors

Prior to the entering into the transaction

As of June 30, 2020, PSE's Board of Directors consist of 4 directors as follows:

Name	Position
1. Mr. Chaiyos Sincharoenkul	Director
2. Mr. Veerasith Sincharoenkul	Director
3. Mr. Rattapong Laparokij	Director
4. Mr. Panlert Wangsupadilok	Director

Source: PSE's affidavit

Remark: Authorized directors are any 2 directors and affix the company's seal.

After the entering into the transaction

PSE's list of directors after the entering into the transactions are as follows:

Name	Position
1. Mr. Veerasith Sincharoenkul	Director
2. Mr. Rattapong Laparokij	Director
3. Mr. Panlert Wangsupadilok	Director
4. Ms. Jarinya Jirojkul	Director
5. Ms. Thanawan Sa-Ngiemsak	Director

4. Shareholder Structure

Prior to the entering into the transactions

As of October 22, 2020, PSE had registered and paid-up capital of Baht 50,000,000, divided into 500,000 ordinary shares at par value of Baht 100 per share. Details of shareholder are as follows:

Shareholders' Name	Number of Shares	% Shareholding
1. Sri Trang Agro-Industry Public Company Limited ^{1/}	419,996	83.9992
2. Rubberland Product Co., Ltd. ^{2/}	80,000	16.0000
3. Mr. Panlert Wangsupadilok	3	0.0006
4. Mr. Aram Sirisuwat	1	0.0002
Total	500,000	100.0000

Source: PSE's shareholder list (BorAorJor. 5)

1/ **Sri Trang Agro-Industry Public Company Limited (STA)** is a listed company in the Stock Exchange of Thailand2/ **Rubberland Product Co., Ltd. (RBL)** is STA's subsidiary

Registered and paid-up capital: Baht 1,600,000,000, divided into 16,000,000 ordinary shares at par value of Baht 100 per share

Director: Mr. Chaiyos Sincharoenkul, Mr. Veerasith Sincharoenkul, Mr. Patrawut Panitkul, and Mr. Charlempop Khanchan

Shareholders' Name	Number of Shares	% Shareholding
1. Sri Trang Agro-Industry Public Company Limited	15,999,994	99.99996250
2. Miss Narisara Sincharoenkul	1	0.00000625
3. Pruksa Mansion Co., Ltd.	1	0.00000625
4. Miss Somsri Sirisuwat	1	0.00000625
5. Mrs. Oranuch Sirisuwat	1	0.00000625
6. Mr. Aram Sirisuwat	1	0.00000625
7. Mr. Ekachai Chalotornsuthi	1	0.00000625
Total	16,000,000	100.000000

Source: corpus.bol.co.th

After the entering into the transactions

Shareholder list of PSE after the entering into the transactions is as follows:

Shareholders' Name	Number of Shares	% Shareholding
1. Sri Trang Gloves (Thailand) Public Company Limited	499,996	99.9992
2. Mr. Panlert Wangsupadilok	3	0.0006
3. Mr. Aram Sirisuwat	1	0.0002
Total	500,000	100.0000

5. Financial Highlights

- Statement of financial position of PSE for the year ended December 31, 2017 - 2019 and interim financial statements for 9-month period ended September 30, 2020 are as follows:

Statement of Financial Position (Unit: Baht million)	Dec 31, 2017 Audited ^{1/}	Dec 31, 2018 Audited ^{2/}	Dec 31, 2019 Audited ^{2/}	Sep. 30, 2020 Unaudited ^{3/}
Current assets				
Cash and cash equivalents	401.02	173.82	261.81	73.06
Trade and other receivables	110.41	301.61	157.34	340.31
Accrued revenue	75.00	79.77	45.82	-
Short-term loan to related company	-	300.00	-	-
Inventory and work in process	203.27	183.97	191.47	261.89
Retention	89.50	-	-	-
Other current assets	11.85	3.62	0.87	23.03
Total current assets	891.06	1,042.79	657.30	698.29
Non-current assets				
Property, plant and equipment	278.05	264.89	255.39	250.03
Intangible assets	16.58	12.24	8.06	7.31
Right to use assets – net	-	-	-	2.98
Deferred tax assets	-	-	-	8.69
Withholding tax receivable	69.05	100.04	82.85	51.86
Other non-current assets	0.57	0.56	0.59	1.25
Total non-current assets	364.25	377.73	346.89	322.12
Total assets	1,255.31	1,420.52	1,004.20	1,020.41
Current liabilities				
Trade and other payables	109.44	123.45	94.18	317.08
Payable to contractor	-	-	44.09	0.21
Loan from related party	-	-	-	80.00
Current portion of finance lease	-	-	-	0.87
Tax payable	-	-	-	2.51
Deferred income	57.57	169.57	-	-
Other current liabilities	1.56	3.03	4.82	1.08
Total current liabilities	168.57	296.05	143.09	401.75
Non-current liabilities				
Deferred tax liabilities – net	17.58	16.90	14.00	21.84
Non-current portion of finance lease	-	-	-	2.13
Provision for retirement benefit obligation	26.23	24.18	35.53	37.71
Total non-current liabilities	43.81	41.08	49.53	61.68
Total liabilities	212.38	337.13	192.62	463.43
Shareholders' equity				
Authorized share capital	50.00	50.00	50.00	50.00
Issued and paid-up share capital	50.00	50.00	50.00	50.00
Retained earnings (deficit)				
Appropriated – legal reserve	5.00	5.00	5.00	5.00
Unappropriated	893.78	936.84	667.58	414.64
Other components of shareholders' equity				
Surplus on appraisal of assets – net of income tax	94.14	91.55	88.99	87.34
Total shareholders' equity	1,042.93	1,083.39	811.58	556.98
Total liabilities and shareholders' equity	1,255.31	1,420.52	1,004.20	1,020.41

- Statement of comprehensive income for the year ended December 31, 2017 - 2019 and the interim financial statements for 9-month period ended September 30, are as follows:

Statement of Comprehensive Income (Unit: Baht million)	2017 Audited ^{1/}	2018 Audited ^{2/}	2019 Audited ^{2/}	Q1-3/2019 Unaudited ^{3/}	Q1-3/2020 Unaudited ^{3/}
Revenue from sale and services	1,081.21	1,427.92	2,291.57	1,814.54	642.73
Cost of sales and services	(954.49)	(1,308.20)	(2,187.61)	(1,726.67)	(586.13)
Gross profit	126.72	119.72	103.96	87.87	56.60
Other income	4.04	4.05	8.77	2.91	3.89
Selling expenses	(4.07)	(5.47)	(3.49)	(2.48)	(1.98)
Administrative expenses	(73.31)	(77.16)	(72.51)	(53.14)	(51.20)
Foreign exchange gain (loss)	-	-	-	(0.39)	(0.12)
EBITDA	53.39	41.14	36.72	34.78	7.19
Finance income	0.97	3.60	1.38	1.17	0.34
Finance costs	(21.26)	-	-	-	(0.47)
EBT	33.09	44.74	38.10	35.95	7.06
Income tax expense	(4.30)	(8.10)	(6.84)	(7.13)	(1.66)

Statement of Comprehensive Income (Unit: Baht million)	2017 Audited ^{1/}	2018 Audited ^{2/}	2019 Audited ^{2/}	Q1-3/2019 Unaudited ^{3/}	Q1-3/2020 Unaudited ^{3/}
Net profit for the year	28.79	36.64	31.27	28.82	5.40
Change in appraisal of assets – net of income tax	58.30	-	-	-	-
Actuarial gain (loss) – net income tax	(0.07)	3.82	(3.08)	-	-
Total comprehensive income for the year	87.03	40.46	28.19	28.82	5.40

Remark: 1/ Financial statements for the year ended December 31, 2017 was audited by PricewaterhouseCoopers ABAS Limited, the certified auditor in the approved list of SEC.

2/ Financial statements for the year ended December 31, 2018 and 2019 were audited by EY Office Co., Ltd., the certified auditor in the approved list of SEC.

3/ Interim financial statement for the 9-month period ended September 30, 2020 was unaudited but limited reviewed by EY Office Co., Ltd. for preparing STA's consolidated financial statements.

Management Discussion and Analysis of PSE

Operating Performance

Revenue from sale and service

Revenue from sale and service revenue were accelerated over 3 years period. In 2018, PSE had revenue from sale and service of Baht 1,427.92 million, increased by Baht 346.71 million or 32.07% from 2017 due to the realization of revenue from installation services in STGT's production capacity expansion project together with the increase in revenue from cleaning services.

In 2019, revenue from sale and service was at Baht 2,291.57 million, increased by Baht 863.65 million or 60.48% from 2018 as a result of the increase in revenue from machines installation for STGT's production capacity expansion project.

For 9M/2020, PSE had revenue from sale and service of Baht 642.73 million, decreased from the same period of last year by Baht 1,171.81 million or 64.58% due to the delivery of installation of machines and equipment in 2 projects and maintenance work in 1 project to the Company in 2019. In 9M/2020, PSE realized revenue from the remaining work of the 3 aforementioned projects.

Cost of sales and services

In 2017 – 2019, PSE's cost of sales and services was Baht 954.49 million, Baht 1,308.20 million, and Baht 2,187.61 million or 88.28%, 91.62% and 95.46% of revenue from sales and services respectively. Cost of sales increased substantially in 2019 due mainly to the cost of Hat Yai Project in which PSE did not adjust the service charge in the change of the project details as management team considered that Hat Yai Project is a large project. Although profit margin dropped, the overall profit was still acceptable.

In 9M/2020, cost of sale was at Baht 586.13 million or 91.19% of revenue from sales and services which was lower than the same period of prior year which reported total cost of sale and service of Baht 1,726.67 million or 95.16% of revenue from sales and services. This was resulting from work on hand and the realized of project cost in each time period.

Gross profit

In 2017 – 2019, PSE's gross profit was Baht 126.72 million, Baht 119.72 million, and Baht 103.96 million respectively or equivalent to gross profit margin of 11.72%, 8.38% and 4.54% of total revenue from sale and services. Gross profit was decreasing due to higher cost of sales and services especially in 2019 when PSE did not adjust the service charge in the change of details of Hat Yai 4 Branch Project as management team considered that since Hat Yai 4 Branch Project is a large project, the overall profit was still acceptable even when profit margin dropped.

In 9M/2020, gross profit of PSE was at Baht 56.60 million or equivalent to gross profit margin of 8.81% of revenue from sales and services while in 9M/2019, PSE reported gross profit of Baht 87.87 million or 4.84% gross profit margin.

Selling and administrative expenses

Selling and administrative expenses in 2018 were Baht 82.63 million, increased by Baht 5.25 million or 6.78% from 2017 as a result of the increase in employee related expenses, R&D expenses, and income tax expense.

In 2019, PSE had selling and administrative expenses of Baht 76.00 million, decreased by Baht 6.63 million or 8.02% from 2018 due to the decrease in salary and wages expense, rental, and maintenance expense.

In 9M/2020, PSE's selling and administrative expense was Baht 53.18 million, decreased by Baht 2.44 million or 4.39% from the same period of last year mainly due to the decrease in employee benefits.

Net profit

In 2017 – 2018, PSE had net profit of Baht 28.79 million and Baht 36.64 million respectively, or equivalent to net profit margin of 2.66% and 2.57% of revenue from sales and service. However, net profit in 2018 was Baht 7.85 million higher than 2017 because PSE had finance income of Baht 3.60 million while it reported finance cost of Baht 21.26 million in 2018. In 2019, PSE's net profit was Baht 31.27 million or equivalent to net profit margin of 1.36% of revenue from sale and service. Net profit in 2019 was Baht 5.37 million lower than 2018 due to higher cost of sales and service than 2018 with lower finance income than 2018.

In 9M/2020, PSE had net profit of Baht 5.40 million or net profit margin of 0.84% compared to the same period of 2019 which had net profit of Baht 28.82 million or 1.59% net profit margin. Net profit margin for 9M/2020 was lower than the same period of prior year because ratio of administrative expenses to revenue in 2020 was at 8.27%, higher than the same period of 2019 which had ratio of administrative expenses to revenue from sales and service of 3.07%.

Financial Position

Assets

In 2018, PSE had total assets of Baht 1,420.52 million, increased by Baht 165.21 million or 13.16% from 2017. The change in major assets was

- Cash and cash equivalent decreased by Baht 227.20 million.
- Trade and other receivables increased by Baht 191.20 million as a result of the increase in revenue from sale and services.
- Loan to related company increased by Baht 300.00 million.

In 2019, total assets of PSE were at Baht 1,004.20 million, decreased by Baht 416.32 million or 29.31% from 2018 as a result of the decrease in loan to related company by Baht 300 million from the receipt of loan repayment and the decrease of trade and other receivables by Baht 144.27 million.

As of September 30, 2020, PSE had total assets of Baht 1,020.41 million, increased by Baht 16.21 million from the end of 2019 as a result of the increase in current assets and the decrease in non-current assets.

Liabilities

In 2018, PSE had total liabilities of Baht 337.13 million, increased by Baht 124.75 million or 58.74% from 2017 mainly due to the increase in deferred income of Baht 112.00 million and the increase in trade and other payables of Baht 14.01 million.

In 2019, total liabilities of PSE were Baht 192.62 million, decreased by Baht 144.51 million from 2018 due to the decrease in deferred income.

As of September 30, 2020, PSE's total liabilities were Baht 463.43 million, increased by Baht 270.81 million from the end of 2019 as a result of the increase in trade and other payable of Baht 222.89 million and loan from related party of Baht 80 million.

Shareholder's equity

In 2018, PSE's total equity was Baht 1,083.39 million, increased by Baht 40.46 million from 2017. Such increased was mainly due to the increase in retained earnings from the net profit of the year of Baht 36.64 million and actuarial gain of Baht 3.81 million.

In 2019, total equity of PSE was Baht 811.58 million. Although there was net profit of Baht 31.27 million, there was dividend payment of Baht 300 million, resulting in the decrease in total equity by Baht 271.81 million from 2018.

As of September 30, 2020, PSE's total equity was Baht 556.98 million. PSE reported net profit of Baht 5.40 million but there was dividend payment of Baht 260.00 million, resulting in the decrease in total equity by Baht 254.60 million from 2019.

Attachment 2

Business Overview and Operating Performance of Sadao P.S. Rubber Co., Ltd.

1. General Information

Company name : Sadao P.S. Rubber Co., Ltd. ("PS")
 Main business : Rib Smoked Sheet (RSS) manufacturer and distributor
 Address : 207/1 Padang Besar Road, Sadao Sub-district, Sadao District, Songkhla Province 90120
 Registered capital : Baht 40,000,000 divided into 400,000 ordinary shares at par value of Baht 100 per share
 Paid-up capital : Baht 40,000,000 divided into 400,000 ordinary shares at par value of Baht 100 per share

2. Business Overview

Sadao P.S. Rubber Co., Ltd. was established on February 23, 1990 with an objective to manufacture and sell Rib Smoked Sheet (RSS) which is major raw material for various products such as tires, pipe, shoes, and automobile spare parts. Sri Trang Agro-Industry PCL. is a major shareholder with 99.99% shareholding.

However, PS has stopped its business operation since April 2020. Later, PS's Board of Directors meeting No. 5/2020 held on August 27, 2020 passed the resolution to discontinue Rib Smoked Sheet (RSS) manufacturing business and cancel the factory license as well as other related licenses because STA terminated the OEM contract to produce RSS together with the unfavorable operating performance of PS with net loss in some years due to lower OEM production volume.

3. Board of Directors

Prior to the entering into the transaction

As of May 22, 2020, list of 4 PS's Board of Directors was as follows:

	Name	Position
1.	Mr. Chaiyos Sincharoenkul	Director
2.	Mr. Somboon Pruksanusak	Director
3.	Mr. Patrawut Panitkul	Director
4.	Mr. Chalermphob Khanchan	Director

Source: PS's affidavit

After the entering into the transaction

List of PS's Board of Directors after the entering into this transaction is as follows:

	Name	Position
1.	Miss Jarinya Jirojkul	Director
2.	Mr. Veerasith Sincharoenkul	Director
3.	Miss Thanawan Sa-Ngiemsak	Director

4. Shareholder Structure

Prior to the entering into the transaction

As of September 23, 2020, PS's registered and paid-up capital was at Baht 40,000,000 at par value of Baht 100 per share. The shareholder details are as follows:

	Shareholders' Name	Number of Shares	% Shareholding
1.	Sri Trang Agro-Industry Public Company Limited	399,994	99.99850
2.	Mr. Anek Pruksanusak	1	0.00025
3.	Mr. Chaidej Pruksanusak	1	0.00025
4.	Mr. Viyavood Sincharoenkul	1	0.00025
5.	Mr. Somwang Sincharoenkul	1	0.00025
6.	Mrs. Promsuk Sincharoenkul	1	0.00025
7.	Mr. Kitichai Sincharoenkul	1	0.00025
	Total	400,000	100.00000

Source: PS's shareholder list (BorAorJor. 5)

After the entering into the transaction

PS's shareholder list after the entering into the transaction is as follows:

Shareholders' Name	Number of Shares	% Shareholding
1. Sri Trang Gloves (Thailand) Public Company Limited	399,994	99.9985
2. Mr. Anek Pruksanusak	1	0.00025
3. Mr. Chaidej Pruksanusak	1	0.00025
4. Mr. Viyavood Sincharoenkul	1	0.00025
5. Mr. Somwang Sincharoenkul	1	0.00025
6. Mrs. Promsuk Sincharoenkul	1	0.00025
7. Mr. Kitichai Sincharoenkul	1	0.00025
Total	400,000	100.00000

5. Financial Highlights

- Statement of financial position for the year ended December 31, 2017 - 2019 and interim financial statement for the 9-month period ended September 30, 2020 are as follows:

Statement of Financial Position (Unit: Baht million)	Dec 31, 2017 Audited ^{1/}	Dec 31, 2018 Audited ^{2/}	Dec 31, 2019 Audited ^{2/}	Sep. 30, 2020 Unaudited ^{3/}
Current assets				
Cash and cash equivalents	11.21	8.07	11.69	19.67
Trade and other receivables	2.25	2.80	3.65	0.46
Inventory	2.31	1.82	1.56	0.16
Other current assets	0.10	0.01	0.02	1.13
Total current assets	15.87	12.70	16.92	21.43
Non-current assets				
Investment in associates	1.50	1.50	1.50	-
Investment in marketable securities	0.80	-	-	-
Property, plant and equipment	155.95	153.53	146.34	85.70
Intangible assets	0.03	0.00	0.00	0.09
Right to use assets – net	-	-	-	0.12
Deferred tax assets	-	-	0.40	0.40
Withholding tax	2.00	2.30	2.92	1.62
Total non-current assets	160.28	157.33	150.76	87.93
Total assets	176.15	170.03	167.68	109.35
Current liabilities				
Trade and other payables	3.24	2.78	2.51	0.43
Current portion of finance lease liabilities	-	-	-	0.11
Other non-current liabilities	0.11	0.13	0.20	0.03
Total current liabilities	3.34	2.91	2.70	0.57
Non-current liabilities				
Deferred tax liabilities – net	22.70	21.74	20.77	11.33
Non-current portion of finance lease liabilities	-	-	-	0.00
Provision for retirement benefits obligations	1.78	1.48	1.70	1.67
Total non-current liabilities	24.48	23.22	22.47	13.00
Total liabilities	27.83	26.13	25.17	13.57
Shareholder's equity				
Authorized share capital (400,000 ordinary shares at par value of Baht 100 per share)	40.00	40.00	40.0	40.0
Issued and paid-up share capital (400,000 ordinary shares at par value of Baht 100 per share)	40.00	40.00	40.0	40.0
Retained earnings (loss) - unappropriated	15.86	15.49	17.82	10.46
Other components of shareholders' equity				
Surplus on appraisal of assets	91.96	88.41	84.69	45.32
Surplus on changes in value of available-for-sale investments – net of income tax	0.50	-	-	-
Total shareholders' equity	148.32	143.90	142.51	95.78
Total liabilities and shareholders' equity	176.15	170.03	167.68	109.35

- Statement of comprehensive income for the year ended December 31, 2017 - 2019 and the interim financial statements for the 9-month period ended September 30, 2020 are as follows:

Statement of Comprehensive Income (Unit: Baht million)	2017 Audited ^{1/}	2018 Audited ^{2/}	2019 Audited ^{2/}	Q1- Q3/2019 Unaudited ^{3/}	Q1- Q3/2020 Unaudited ^{3/}
Service revenue	30.06	39.80	28.94	20.88	10.71
Cost of service	(37.51)	(42.11)	(34.20)	(25.30)	(11.86)
Gross profit (loss)	(7.45)	(2.31)	(5.26)	(4.42)	(1.15)
Other income	2.16	1.55	0.58	8.57	9.00
Dividend income	0.83	1.00	7.67	-	-
Selling expenses	(0.03)	(0.01)	(0.04)	(0.03)	(0.00)
Administrative expense	(6.66)	(5.50)	(5.64)	(4.34)	(7.82)
Other profit (loss)	-	-	-	0.05	(56.59)
(Loss) before finance income and tax	(11.15)	(5.28)	(2.69)	(0.17)	(56.56)
Finance income (cost)	0.04	0.02	0.04	0.01	(0.01)
(Loss) before tax	(11.11)	(5.25)	(2.65)	(0.16)	(56.57)
Tax revenue	2.17	0.93	1.03	0.76	9.84
(Loss) for the year	(8.94)	(4.32)	(1.62)	0.60	(46.73)

Remark: 1/ Financial statements for the year ended December 31, 2017 was audited by PricewaterhouseCooper ABAS Co., Limited, the certified auditor in the approved list of SEC.

2/ Financial statements for the year ended December 31, 2018 - 2019 was audited by EY Office Co., Limited, the certified auditor in the approved list of SEC.

3/ Interim financial statement for the 9-month period ended September 30, 2020 was unaudited but limited reviewed by EY Office Co., Ltd. for preparing STA's consolidated financial statements.

Management Discuss and Analysis of PS

Operating Performance

Service revenue

In 2018, PS had service revenue of Baht 39.80 million, increased by Baht 9.74 million or 32.40% from 2017. In 2019, service revenue decreased by Baht 10.86 million to Baht 28.94 million due to the increase in production volume of RSS while raw rubber sheet production volume decreased. Although total production volume of each year was similar, RSS production rate was lower than the production rate of raw rubber sheet. (RSS production rate was 1.40 Baht/kilogram and production rate of raw rubber sheets was 2.80 Baht/kilogram)

In 9M/2020, PS had service revenue of Baht 10.71 million, decreased by 48.74% from the same period of last year because the outbreak of COVID-19 caused the reduction in order of rubber sheet and the period was the end of season for the rubber. As such, PS has ceased the production since April 2020. On August 27, 2020, PS's Board of Directors' meeting No. 5/2020 passed the resolution to terminate PS's RSS production business.

Gross (loss)

In 2018 – 2019, PS recorded gross loss of Baht (2.31) million and Baht (5.26) million respectively because cost of services was higher than service revenue as a result of lower production volume of raw rubber sheet but depreciation expenses of the building was fixed, resulting in the higher cost per unit which lead to gross loss for PS.

In 9M/2020, PS still had gross loss of Baht (1.5) million, decreased by 73.89% from the same period of last year that recorded gross loss of Baht (4.42) million.

Other revenue and dividend income

In 2018, PS recorded other revenue of Baht 1.55 million and dividend income of Baht 1.0 million. Other income decreased by Baht 1.44 million while dividend income increased by Baht 1.0 million, which was the dividend received from Starlight Express Transport Co., Ltd. In 2019, other revenue decreased by Baht 0.97 million while dividend income increased by Baht 6.67 million, of which Baht 1.67 million was from Starlight Express Transport Co., Ltd. and Baht 6 million was from Premiere System Engineering Co., Ltd.

In 9M/2020, PS had other revenue of Baht 9.00 million which was the revenue from sale of investment, increased by Baht 0.43 million from the same period of 2019.

Selling and administrative expenses

Selling and administrative expenses in 2018 were Baht 5.51 million, decreased by Baht 1.18 million or 17.64% from 2017 because there were special expenses included income tax expenses of Baht 0.60 million, loss from asset appraisal of Baht 0.12 million, and Information Technology expenses of Baht 0.16 million. In 2019, PS recorded selling and administrative expense of Baht 5.68 million,

increased by Baht 0.17 million from 2018 due to higher provision for retirement benefit obligations of Baht 0.11 million.

In 9M/2020, PS had selling and administrative expenses of Baht 7.82 million, increased by Baht 3.45 million or 78.91% from the same period of prior year as a result of the increase in expenses relating to the slowdown of production of Baht 3.90 million.

Net (Loss)

In 2018 – 2019, PS recorded net loss of Baht (4.32) million and Baht (1.62) million respectively. Net loss in 2019 declined as a result of higher dividend income and income tax revenue than 2018.

In 9M/2020, PS had net loss of Baht (46.73) million as a result of incurring loss from rubber futures market of Baht (56.59) million.

Financial Position

Assets

In 2018, PS had total assets of Baht 170.03 million, decreased by Baht 6.12 million from 2017 mainly due to the decrease in cash on hand, property, plant and equipment, and available-for-sale investment of Baht 3.14 million, Baht 2.42 million, and Baht 0.80 million respectively.

In 2019, PS had total assets of Baht 167.68 million, decreased by Baht 2.35 million from 2018. Current assets increased by Baht 4.22 million especially in cash on hand and trade receivables of Baht 3.62 million and Baht 0.85 million respectively. Meanwhile, non-current assets declined by Baht 6.57 million from the decrease in property, plant and equipment.

As of September 30, 2020, PS had total assets of Baht 109.35 million, decreased by Baht 58.33 million from 2019. This was mainly due to the decrease in property, plant and equipment from written-off of non-current assets including factory building because such assets was demolished to prepare for the disposition of PS's shares to the Company.

Liabilities

In 2018, PS's total liabilities were Baht 26.13 million, decreased by Baht 1.70 million from 2017 as a result of the drop in trade payable and deferred tax liabilities of Baht 0.46 million and Baht 0.96 million respectively.

In 2019, PS had total liabilities of Baht 25.17 million, decreased by Baht 0.96 million from 2018 mainly due to the decrease in deferred tax liabilities.

As of September 30, 2020, PS had total liabilities of Baht 13.58 million because of the decrease in all liabilities item especially the decrease of trade and other payable by Baht 2.07 million and the decrease of deferred tax liabilities by Baht 9.44 million.

Shareholders' equity

Total equity of PS decreased continuously from Baht 143.90 million in 2018 and Baht 142.51 million in 2019 respectively. In 2018, PS generated net loss of Baht (4.32) million and other comprehensive loss of Baht (0.10) million, led to the decrease in total equity by Baht 4.42 million.

In 2019, PS had net loss of Baht (1.62) million but there was actuarial gain which was recorded as comprehensive profit of Baht 0.24 million, resulting in the decline in total equity by Baht 1.39 million to Baht 142.51 million.

AS of September 30, 2020, PS's total equity was Baht 95.78 million, decreased by Baht 46.73 million from 2019. This was mainly due to the decrease in surplus on asset appraisal as a result of the written off of building value causing the decrease in retained earnings.

Attachment 3

Summary of Relevant Agreements Related to the Transactions

1. Draft of Share Sale and Purchase Agreement of PSE Shares

Counter parties	Sellers : Sri Trang Agro-Industry PCL. (STA) Rubberland Product Co., Ltd. (RBL) Buyer : Sri Trang Gloves (Thailand) PCL. (STGT)
Agreement date	[●]
Number of shares sold	PSE's ordinary shares: 1. 419,996 ordinary shares held by STA, representing 83.9992% of total shares in PSE 2. 80,000 ordinary shares held by RBL, representing 16% of total shares in PSE
Selling price	Baht 1,120,000,000
Completion date of share sale and purchase	The Seller has to deliver related documents such as share transfer document, share registration book of PSE, new share certificate indicated buyer name as a shareholder, submission of new shareholder list to Department of Business Development, Ministry of Commerce, receipt issued by the Seller as an evidence of payment to the buyer as well as other necessary documents.
Conditions precedent	<ul style="list-style-type: none"> • The payment shall be made to the Sellers by money transfer to the bank account specified by each Seller on [●] (completion date of share sale and purchase) or other date as agreed in written by both parties. • The Sellers shall deliver documents as indicated in the Sale and Purchase Agreement of PSE Shares such as share transfer document, share registration book of PSE, new share certificate indicated the Buyer's name as a shareholder. • Representation of the Buyer and the Seller must be real and accurate on the agreement date and on the completion date of share sale and purchase. • There is no law or regulation that caused share sale to be ineffective.
Representation by the Sellers	The Sellers provides the representation as follows: <ol style="list-style-type: none"> 1. The Sellers must be shareholder and legally owns the shares without any encumbrance 2. The Sellers shall obtain a resolution from Board of Directors' meeting or shareholders' meeting (as the case maybe) to sell and transfer of shares. 3. The Sellers shall operate business as going concern and never receive any notification from any government agency that their action was contrary to the law. 4. The seller shall have no surcharge or any other fine or accrued interest payable to the Revenue Department, Customs Department, or any other government agency and are not under tax investigation by the Revenue Department and/or has no lawsuit or non-settlement tax dispute. 5. There is no significant change in assets and liabilities from November 10, 2020 except for normal business operation.
Termination	Any party has right to terminate the agreement by sending a written notification to the other party when the following cases incur: <ol style="list-style-type: none"> 1. Any party default or breach any representation in substance matter and the other party send a written notification to the defaulting party to take remedy action but the defaulting party is unable to correct such default within 30 days from the receipt of written notification. 2. There is law or regulation that cause any party to be unable to take action that are substance to the agreement and the parties are unable to purchase share under the condition stipulated in the Sale and Purchase Agreement of Shares or the compliance to the agreement is contrary to the law. 3. Any party become bankrupt and was ordered by the Court to be under absolute receivership or under rehabilitation plan or allow other party to manage all assets to liquidate the company from the day before the agreement date until the completion date of share sale and purchase. 4. Any party is unable to perform the conditions as stipulated in the condition precedent except the party with right to terminate the agreement issues a waiver letter.

2. Draft of Share Sale and Purchase Agreement of PS Shares

Counter parties	Seller : Sri Trang Agro-Industry PCL. (STA) Buyer : Sri Trang Gloves (Thailand) PCL. (STGT)
Agreement date	[●]
Number of shares sold	399,994 ordinary shares of PS, representing 99.9985% of total issued and paid-up shares of PS
Selling price	Baht 147,000,000
Conditions precedent	Same as Sale and Purchase Agreement of PSE Shares
Representation by seller	Same as Sale and Purchase Agreement of PSE Shares
Termination	Same as Sale and Purchase Agreement of PSE Shares
Conditions precedent	Same as Sale and Purchase Agreement of PSE Shares

3. Draft of To Sale and To Purchase Agreement of ANV's Land with Buildings

Counter parties	Seller : Anvar Parawood Co., Ltd. (ANV) Buyer : Sri Trang Gloves (Thailand) PCL. (STGT)
Agreement date	[●]

Assets being acquired	3 adjacent plots of land with total area of 34-1-.070 rai together with factory, office building, and other constructions totaling 5 items located at Samnak Kham Sub-district, Sadao District, Songkhla Province
Selling price and settlement	The Buyer agrees to pay the Sellers Baht 69,210,000 on the registration date of land with buildings ownership transfer. The transfer fee, special business tax, and other tax incurring from the transfer of land and building shall be equally responsible by both parties.
Termination	The parties shall be able to terminate the agreement immediately when another party breach any conditions as stipulated in the agreement.

4. Draft of To Sale and To Purchase Agreement of STA's Land with Buildings

Counter parties	Seller : Sri Trang Agro-Industry PCL. (STA) Buyer : Sri Trang Gloves (Thailand) PCL. (STGT)
Agreement date	[●]
Assets being acquired	12 plots of land with total area of 334-0-6.2 rai together with a rubber scrap storage building and other constructions, toilet, and infrastructure located at Khao Chairat Sub-district, Pathio District, Chumphon Province
Selling price and settlement	The Buyer agrees to pay the Sellers Baht 177,470,000 on the registration date of land and building ownership transfer. The transfer fee, special business tax and other tax incurring from the transfer of land and building shall be equally responsible by both parties.
Termination	The parties shall be able to terminate the agreement immediately when another party breach any conditions as stipulated in the agreement.