

Part 1

Company's Business

1. Policy and overall business operations.

1.1 The philosophy of business operations, vision, mission, values and strategy

Thai Rubber Latex Corporation (Thailand) PCL “The company” has been incorporated on December 6, 1985 with business operations as the manufacturer and distributor of concentrated latex and latex products. On March 8, 1993 the company has been listed as registered company at the Stock Exchange of Thailand. TRUBB Securities is the trading name of the group, a group called THAITEX. THAITEX has expanded its ongoing investments in businesses related to rubber.

PHILOSOPHY

Thai Rubber Latex Corporation (Thailand) Public Company Limited has long been recognized as Thailand's leading producer of latex Concentrate. The company is totally committed to manufacturing world class products to meet the requirements of customers in the domestic as well as overseas markets. Our products are characterized by their high quality that easily meets and even exceeds the highest international standards.

We take it upon ourselves to continually strive to maintain our ability to closely match the requirements of our clients and to consistently ensure customer satisfaction.

VISION

We are committed to be the world leader in latex industry by achieving and maximizing customer's requirements.

MISSION

To be the producer of latex concentrate focusing on high quality that exceeds the highest international standards and ensures to achieve customer's requirements and utmost satisfaction

THAITEX's VALUES

T	=	Teamwork
H	=	High quality
A	=	Accountability
I	=	Integrity
T	=	Transparency
E	=	Efficiency and environment
X	=	Excellence

STRATEGY

1. To find cheaper raw material sources with adequate supply and less competition in order to achieve lower product cost and better profitability.
2. To increase efficiency in back-office system, improve and make IT system up-to-date, reduce inefficient manpower and resize to a smaller and tidier organization.
3. To increase sales volume by clearly identifying the market segmentation.
4. To develop varieties of innovative products through intensive R & D to distinguish ourselves from other competitors, to satisfy customers' requirements and to avoid price war.
5. To stop production of our factories, those are not breaking-even.

1.2 Key Changes and Developments

The controlling authority of the company remains in the hands of the company's founders, who currently hold positions on the company's Board of Directors and Board of Executives.

The Board of Directors has appointed a new generation of executives to learn about the work and share the workload of the Board of Executives. The Board of Directors currently has three additional members. Furthermore, the company has appointed other new executives as managing directors in the company's subsidiaries to increase flexibility and work effectiveness.

Over the past two years, significant changes have been made in business operations from 2017 to 2018 as follows:

- Increased management effectiveness in Latex and pre-vulcanized Group : As the end of 2017, the company accepted the complete entire business transfer of Thai Rubber Latex Group (THAITEX) (a subsidiary with 99.99 percent of shares held by TRUBB) because both companies are in the same business. The primary aim was to enhance management and internal control effectiveness by facilitating the analysis of latex concentrate group information and cutting management costs. Nevertheless, the capital increase during the process of the entire business transfer was aimed at tax benefits, and the newly issued ordinary share was not offered to the market. After THAITEX completes its liquidation, the company will decrease capital to the value preceding the capital increase.
- Building the concentrated latex factory in Chiang Rai Province: In order to increase the production value of rubber plantations in the company's group, a latex concentrate factory was constructed near the company's rubber plantations. This will allow fresh field latex from the group's own plantations to

be supplied over a short period of time and distance to the factory with less use of chemicals in latex. This can lead to the production of a special grade of latex concentrate to be sold at a higher price. Furthermore, fresh field latex transportation costs can be saved. In the past, it was necessary to deliver the latex to the company's factory in the eastern region. The factory in Chiang Rai Province will start operating in the fourth quarter of 2018.

- Latex tapping commenced in rubber plantations in the northern region: Thai Rubber Land and Plantation Company Limited, a subsidiary, has been planting rubber trees in the northern region since 2006. These rubber trees are currently producing field latex, and maturing trees are soon to generate returns. In 2013, the rubber trees were test-tapped for the first time. And have tapped the rubber continuously.
- Increased production in the Company's subsidiaries: In 2017, Latex Systems Company Limited increased production capacity. Furthermore, a plan is ongoing for factory expansion and new factory construction in the future because natural rubber pillows and mattresses are generating good and high returns on investments. Since World Flex Company Limited has been generating improved revenue in the rubber thread business, so its parent company has been reaping the benefits. Plans are in place for increasing production capacity based on increased product demand, and 2018 will see the opening of the third and fourth factories in the same region.
- Sales and rental of unprofitable assets: The Company sold unprofitable assets such as the office building on Bang Na-Trat Km. 1 Road and the Ban Klang Krung Project in 2017. Furthermore, the company is preparing to sell unused land in the future as a means of cutting financial costs.

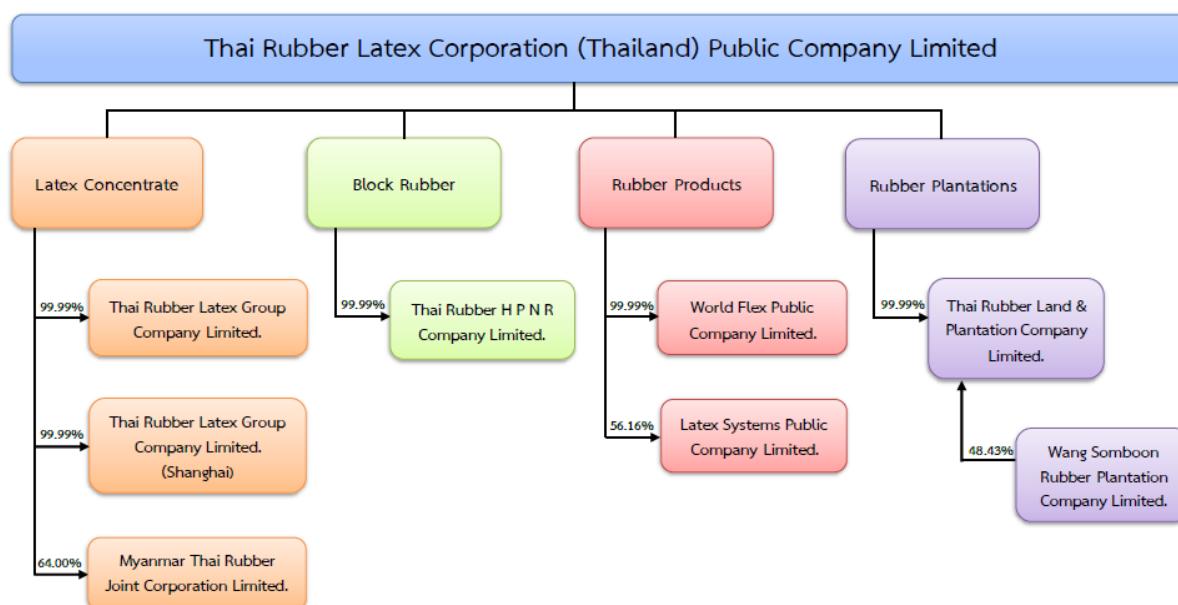


The list of companies in the company's group and the share structure for 2018 is as follows:

<u>Company Name and Group</u>	<u>Share Holding</u>
<u>1. Latex concentrate Group</u>	
1. Thai Rubber Latex Corporation (Thailand) Public Company Limited	99.99%
2. Thai Rubber Latex Group Company Limited (subsidiary)*	99.99%
3. Thai Rubber Latex Group (Shanghai) Company Limited (Subsidiary as of 29/12/2017)	99.99%
4. Myanmar Thai Rubber Joint Corporation Limited (subsidiary)	64.00%
<u>2. Block Rubber Group</u>	
1. Thai Rubber HPNR Company Limited (subsidiary)	99.99%
<u>3. Rubber Product Group</u>	
1. World Flex Public Company Limited (subsidiary)	99.99%
2. Latex Systems Public Company Limited (subsidiary)	56.16%
<u>4. Rubber Plantation Group</u>	
1. Thai Rubber Land and Plantation Company Limited (subsidiary) (Thai Rubber Land and Plantation Company Limited has one joint company, namely, Wang Sombun Rubber Plantation Company Limited.)	99.99%

*Registered completion of liquidation on December 4, 2018

Shareholding Structure



2. Business Characteristics

Revenue Structure

Business Group	2018		2017		2016	
	Revenue	%	Revenue	%	Revenue	%
1. Latex concentrate	5,939	67.30%	10,002	77.25%	7,925	75.92%
2. Rubber Products	2,657	30.11%	2,482	19.17%	1,833	17.56%
3. Block Rubber	-	0.00%	-	0.00%	342	3.28%
4. Rubber Plantations	48	0.54%	56	0.43%	121	1.16%
5. Other Revenue	181	2.05%	408	3.15%	218	2.09%
Total Revenue before Deduction of Connected Transactions	8,825	100.00%	12,948	100.00%	10,439	100.00%
Deduction: Connected Transactions	(1,249)		(3,480)		(2,586)	
Total Revenue after Deduction of Connected Transactions	7,576		9,468		7,853	

Latex concentrate Group

2.1 Products and Services

The operation of Thai Rubber Latex Corporation (Thailand) PCL is manufacturing of concentrated latex, which is produced from fresh latex by separating liquid rubber and non-rubber contents by mechanical centrifugation. Concentrated Latex is liquid natural rubber with 60% dry rubber content that can be preserved for a long period of time. With physical

and chemical properties suitable to be used as main raw material for manufacturing Medical gloves, Household gloves, Condoms, Rubber thread, Glue, Balloons, Baby Tits, Foam and Mattress etc. The product that can substitute Natural Rubber latex is Synthetic latex. Synthetic latex cannot substitute natural rubber latex to produce some products such as surgical gloves and condoms.

Thai Rubber Latex Group Co., Ltd. (Shanghai) has been registered in China, operating for trading of all kinds of rubber products in China. The company is mainly trading TSR#20 (Block Rubber) and Concentrated latex.

Thai Rubber Latex Corporation (Thailand) Public Company Limited has received the Certificate of ISO 9001: 2015, ISO 14001: 2004 and IEC 17025 (Standard Lab), the first company in the industry of concentrated latex in Thailand to receive Certificate of Standard Laboratory in testing latex.

2.2 Marketing and Competition

(1) Policy and Marketing

1. Important competitive strategies

- Receiving forward orders not exceeding 3 months:

The cost can be estimated close to the actual cost and selling price to be set competitively at a profitable level, which helps us to make a good production plan.

- Setting selling price at a profitable level and being competitive:

Our factories are located in all major rubber producing areas, which would give our company to control production and raw material cost efficiently and being the leader in price setting.

- Our products are sold on a regular basis with punctual delivery Schedule: Being the world's largest rubber latex producer, we can arrange to deliver our products to customers throughout the year as per scheduled plan.

- Product quality assurance:

We will produce our concentrated latex as per customer's specification, if not, we will adjust the product quality to meet customer's requirement.

- After sales service:

We deliver our products and provide services to our customers with honesty and good consistent care.

2. Customer group

Most customers have been dealing with us for a long time with good mutual business relationship since our products and services are delivered to the customers with honesty and sincerity, we provide our help and assistance to solve problems when needed

as well as flexibility in terms of deficit or exceeding quantity of the products with our R&D and technical services.

3. Target customers

Our target customers are those producers of finished rubber products, who use concentrated latex as raw material for production e.g. rubber gloves, rubber thread, latex nipples, condom, mattress, pillow, balloon and glue, etc.

4. Distribution Channels

Our local & export proportional market segmentation is 60% and 40% respectively with export market in China, Malaysia, South Korea, Pakistan, India, Europe etc. As the distribution channel and proportional distribution are arranged 80% directly to the rubber consuming companies and 20% to the importers, our latex group should have no risk since our sales are made to each specific customer in proportion not exceeding 30% of sales revenue.

(2) Industry Competition and Trends

As a matter of fact in the year 2018 the global natural rubber market prices remained under pressure throughout the rest of the year, even though we have had intermittent continuous heavy rain fall in most of rubber growing areas of Thailand and supply was not ample throughout the year. Actually lower market price trend continued from the year before i.e. 2017, when natural rubber prices fell more than 30% comparing to early first quarter of 2017. Since the beginning of year 2018 natural rubber prices insistently and consistently remain on the lower side.

The implementation of AETS by ITRC countries (Thailand, Indonesia and Malaysia) to withdraw total of 350,000 tons of natural rubber by withholding exports from January to March 2018 (Thailand 234,810 tons, Indonesia 95,190 tons and Malaysia 20,000 tons) failed to increase the rubber prices to comfortable levels, instead rubber prices continued to remain at depressed levels.

The reason for the depressed rubber prices was obviously the slowdown of global demand for natural rubber, particularly from China due to strict measures to improve pollution and environmental situations implemented by the Chinese authorities since 2017. In addition to that the continued pressure of trade war between US and China further contributed to weak demand and prices. China is the biggest consumer of natural rubber, consuming more than 30% of global natural rubber production. Demand from other major world economies like Europe, the U.S., Japan and Korea was also not encouraging, except India. India's natural rubber consumption far exceeded its own natural rubber production substantially over the past few years.

According to IRSG, the global natural rubber production in the year 2018 is estimated to be around 13.7 million tons, an increase of about 2.4% YOY, while the global

natural rubber consumption is estimated at 13.9 million tons, which is an increase of 5.2% YOY (the actual figures are yet to be known.).

Although we think that prices have already bottomed out and expect prices to stay at comparatively higher levels but even then we expect year 2019 is going to be a very challenging year. We expect the global economy to remain extremely uncertain due to the potentially volatile prevailing political and economic conditions globally. We also expect the ongoing trade war between USA and China, which are the No.1 and No.2 economies of the world, will always haunt the global economy unless these two economic giants can come to some sort of compromise acceptable to both parties.

However we strongly believe that with our marketing network and our extended customer base and customer loyalty, the company has solid advantage over our competitors. In addition to these, our company reputation and product quality reliability will also be advantageous for us. Therefore we are quite confident that year 2019 will also be another good year for the company.

2.3 Factory and production facility

Presently, the Group has a factory to manufacture concentrated latex in Thailand, including 6 factories located in the southern 3 factories consisting of factories in Hat Yai District, Songkhla, Surat Thani and Phang Nga in the eastern 2 factories consisting of in Chonburi, Rayong and a new factory in Chiang Rai Which started production in the fourth quarter of 2018. The company also has a concentrated latex production plant in Myanmar under the name MYANMAR. Thai Rubber Joint Corporation currently has a production capacity of 10,000 tons per year.

Rubber Products Group

Rubber Thread

2.1 Products and Services

World Flex Public Company Limited, a “subsidiary”, mainly manufacturers’ elastic rubber thread using concentrated latex as the primary raw material. The majority of products are used in the textile industry. Customers purchase elastic rubber thread as a raw material for use in textile production in combination with polyester fiber to produce elastic bands for ready-to-wear apparel such as women’s underwear, elastic waistbands, sock bands, etc. Synthetic rubber can be used as a substitute for natural rubber. If synthetic rubber prices drop to a certain level, customers will turn to using synthetic rubber instead of natural rubber. In 2018, as synthetic elastic rubber thread production increased, the price of synthetic rubber is likely to decline and lead to more users switching over to synthetic

rubber. Nevertheless, customers who use the aforementioned products are still separated since the usage of both products remains different.

2.2 Marketing and Competition

(1) Policy and Marketing

1. Important competitive strategies

- Successfully meeting the needs of minor and major customers.
- Building confidence in customers by delivering products on schedule.
- Providing post-sale services with regular local representatives assigned to monitor the market.
- Making regular visits to customers to boost confidence.
- Ensuring the quality of products until they are delivered to consumers.
- Offering products covering every need ranging from small to large numbers.

2. Distribution Channels

Domestic distribution sales for five percent of all sales and involves both direct and agent sales, while international distribution sales for up to 95 percent of total sales through local agents in key markets, such as China, South Asian countries, Middle East, Europe and South America.

(2) Industry Competition and Trends

The elastic rubber thread industry directly involves concentrated latex. It is classified as a natural rubber product industry. These items are semi-processed products for the textile industry. There are five top manufacturers in this industry nationwide. Most competitors are domestic, while others are found in Malaysia and China. In 2018, the demand for elastic rubber thread stabilized due to China's restructuring. Nonetheless, every factory in China has been required to make environmentally friendly improvements in response to the Chinese government's intention to reduce pollution. Thus, many textile factories in China have been shut down, and some have considered establishing factories outside China instead. Despite heavy competition and fluctuating demands since 2018, the company has been able to increase sales by 13 percent compared to last year. This was due to continuous quality improvement, increased production and increased marketing, whereupon other markets aside from China were pioneered such as South America, European nations and Muslim countries. These markets are more valuable than China.

2.3 Product Procurement

(1) Procurement

A subsidiary has a factory in Rayong with a full production capacity of 24,000 tons per year. An important production policy is to manufacture products based on customer needs by using domestically available raw materials. The main raw materials for latex concentrate are purchased domestically, partly from related companies and partly from domestic traders. Chemical purchases are largely made from importers. The elastic rubber thread group is at risk for dependence on a major supplier, namely, the THAITEK group, since over 30 percent of total purchases are made from the aforementioned supplier. However, doing so also guarantees that raw materials are available for year-round production.

(2) Environmental Impacts

The production process requires an effective water treatment system. The company recognizes this need and permanently uses water treatment systems for every stage of production. Furthermore, processes are set in place for the recycling of certain chemicals in production with the aim of reducing chemical usage in addition to improving water treatment effectiveness, reducing water pollution and cutting public utility expenses. Over the past three years, there were no environmental issues.

Latex Mattresses

2.1 Products and Services

Latex Systems Public Company Limited. The Company was incorporated on June 11, 2003. To operate the business of producing and selling mattresses made from natural latex, with the first factory located in Lat Krabang Industrial Estate Bangkok. Discontinued production in November 2018

In 2013, the Factory 2 (production line 2) at Bang Pakong Chachoengsao. Has started producing natural latex mattresses.

In 2017, the Factory 2 (production line 3) at Bang Pakong Chachoengsao. Has started producing natural latex mattresses.

In November 2018, the company received the purchase of a rubber pillow factory from Thai Natural Foam Co., Ltd., located at Kong Din Subdistrict, Klaeng District, Rayong Province. Natural latex pillow products. Currently, the company has 2 factories in Bang Pakong District, Chachoengsao Province and In Klaeng District, Rayong Province.

Business operations of the company can be divided into 2 main groups, namely

1) Business of producing and selling products made from natural latex Non-branded

2) The business of producing and selling products made from natural latex under the Company's brand

The main products of the company were divided into 3 groups:

- 1) Natural latex mattress
- 2) Natural latex pillow
- 3) Other products produced from natural latex, such as neck pillow, back cushion, seat cushion, Bolster and baby bedding products, etc.

2.2 Marketing and Competition

(1) Policy and Marketing

The company focuses on the production of mattresses, pillows and other products that are produced from 100% natural latex without any mixture of synthetic rubber and filler substances since Thailand is reputed to be the world's best natural latex production source. Therefore, the raw materials used in the production of natural latex pillows and mattresses are in the standard. And reliable In addition, the company places importance on quality and the environment by being certified by the company. Marks and awards such as the quality management system ISO 9001: 2015, the TIS mark, which has manufacturers of bedding products made from a few 100% natural rubber in Thailand that has been certified as such, the color industry mark. Green Level 2 and international quality standards such as the LGA Product and Eco Institute Label from the German accreditation institute. Making customers confident that they will receive quality products that are durable, friendly to the environment at a fair price and the Thailand Top SME Award 2018 in the manufacturing industry from agricultural products In addition, the company also emphasizes on creating added value for products through research and development by developing innovative products under the company's own brands.

(2) Distribution Channels

- The company has both domestic and international distribution channels.

For the domestic market, the company sells products through the main distribution channels, namely Wholesaler group Mattress factory operator group Dealers and retail customers, etc.

In the international market The Company sells products through partners including Wholesaler group (importer) and local distributor in foreign countries (Trader)

(3) Industry Competition and Trends

- Competition

In the country, the company has 3-4 main competitors, which are manufacturers. The main competitor countries are manufacturers, as well as companies such as Sri Lanka, India, Vietnam and Malaysia.

2.3 Industry conditions

From Thailand being the number one rubber producer in the world Therefore is an important source of raw materials for the production of pillows and latex mattresses and related products In addition, the quality of rubber from Thailand Is highly recognized around the world Products made from natural latex In particular, latex pillows and mattresses produced from Thailand are known and have high demand in the world market as well. The company is considered one of the leaders in the production and distribution of mattresses, pillows, and other products produced from natural latex. To customers Both at home and abroad By all products of the company Is a product of natural latex Which has important advantages in dispersing pressure, restoring ventilation And product life longer than 10 years, as well as without dust mites Various pathogens Which is consistent with the current social conditions and values of consumers that people turn to pay more attention to maintaining health Especially in today's world that has entered the aging society The demand for mattress products made from natural raw materials is therefore constantly expanding and entering the market gap of products, mattresses and pillows, which are manufactured from other types of raw materials such as spring mattresses, memory foam mattresses. And sponge mattress etc. However, genuine latex pillow and mattress products will have a higher selling price Compared to other bedding produced from other raw materials therefore suitable for consumers with moderate income levels or higher.

At present, the main customers of rubber mattresses exported from Thailand are China and South Korea. Which has a large population and has a number of tourists coming into Thailand Over the past several years, there has been a demand for high-quality products. Therefore, the market for rubber bedding products in China And South Korea Considered a market that is important to the company Due to the population of China and South Korea, which is considered End Customer, it is believed that the bedding produced from natural latex is good for health. And like the softness of the product more than that, as Thailand is the number one exporter of rubber in the world. Resulting in the Chinese and South Korean population Have confidence in the quality and standard of the latex mattress products that are produced from the factory in Thailand which is standardized Also has a positive impact on the rubber mattress industry in Thailand. Because Chinese tourists prefer to buy mattresses, pillows and other bedding products. That is produced from natural rubber latex for use as souvenirs or personal items.

From the situation and trend of the rubber mattress industry which is mainly driven by customers in China and South Korea. Resulting in changes in various factors such as higher population Economic growth Income per capita Population structure ratio As well as the expansion of the real estate industry of target customers And the growth of the

number of Chinese tourists in Thailand Therefore is an important factor affecting the growth of the company in the future.

2.4 Product Procurement

(1) Raw material procurement

Latex is considered the main raw material for the production of mattresses. Pillows and other products from natural latex Due to latex Considered agricultural commodities Therefore, the price of concentrated latex is subject to fluctuations in demand and supply of natural rubber prices both domestic and international. In the past 3 years, the average price of latex (FOB) in Bangkok Fluctuations in the range of 25 - 60 baht per kg.

From the company's business policy That gives importance to product quality And focus on quality control of raw materials From the procurement process By purchasing raw material policy of the company Focus on quality, price and delivery time.

The company procures the main raw materials, which are concentrated latex from many leading latex producers in the country, in order to obtain good quality natural latex. Meet the requirements of the company. At a reasonable price As for other raw materials that are different types of chemicals, the company purchases from local distributors.

(2) Environmental impact

The company has focused on quality operations. To get the best products for consumers Coupled with the preservation of the environment The Company gives importance and measures to prevent and control the impact of the Company's business operations. By supervising the community and persistently inquiring about the substance of the local people suffering from the effects. The past operations of the company did not have an impact on the environment.

In addition, the company regularly monitors and controls the quality of the environment and produces environmental quality inspection reports. Which is conducted by external auditors every year. To deliver to the Department of Industrial Works

Rubber Plantation Group

2.1 Products and Services

Thai Rubber Land and Plantation Company Limited, "Subsidiary Company", operates a rubber plantation business. In Chiang Rai, Phayao, Nan provinces, starting from 2005 to the present, with a total area of 12,020 rai consisting of

1. Chiang Rai Province, area of 7,293 rai, planted from 2007 to 2015, started to open tapping from 2015 onwards

2. Nan province, area 2,556 rai, planted from 2005 to 2015, started to open tapping from 2015 onwards

3. Phayao Province, area 1,219 rai, planted since 2008 to 2015, started to open tapping from 2015 onwards

4. Chainat Province, area 952 rai, planted from 2013 to 2014, started to open tapping from 2019 onwards

2.2 Marketing and Competition

(1) Policy and Marketing

In 2018, the subsidiary company will bring the production of field latex from the rubber plantation to the factory of the parent company, Thai Rubber Latex Corporation (Thailand) Public Company Limited in Chiang Rai province. For use in the production of premium grade latex which the parent company and affiliated companies can control the quality of the raw materials to have quality. Because it is the raw material from the rubber plantation of the same affiliated company.

(2) Industry Competition and Trends

In the year 2018, the rubber plantation in the north was in the new rubber plantation area. And began to gradually yield more to the market But in most of the north, it is still popular, producing a cup of rubber Which considered that the subsidiary will not have a business competitor Because the subsidiary company produces fresh latex and delivers all the products obtained from the rubber plantation of the subsidiary to Thai Rubber Latex Corporation (Thailand) Public Company Limited and the future trend. The owner of the rubber plantation turned to cut the rubber latex instead of producing a cup of rubber. In order to increase revenue for the owners of rubber plantations and in accordance with the provincial policy regarding the preservation of the environment and air pollution from the cup rubber It also increases productivity for affiliates in order to increase the value of fresh latex and profit for the Group.

3. Risk Factors

3.1 Risk in quantity and price of rubber raw materials

Quantity of raw materials– Natural rubber is an agricultural product obtained from rubber plantations. However, the amount of rubber released on the market is dependent on many factors such as the following:

(1) Rubber Plantation Production: Rubber trees have periods for production and disruption of production (as rubber trees shed leaves). On average, this process lasts from March until May. This period might be shorter or longer, depending on the climate conditions of each region, which can facilitate new leaf growth and allow rubber trees to

grow sufficiently healthy for tapping. Accordingly, the aforementioned situation can prevent rubber raw materials from being released on the market and lead to periods without production or diminished production due to decreased production capacity.

(2) Climate conditions: For example, if a significant drought occurs on a rubber plantation, production drops. On the other hand, heavy rains can result in smaller harvests. In addition, natural phenomena such as El Nino and El Nina have caused excessive droughts and precipitation over the past several years. These conditions affect the volume of latex that can be tapped. And in years where off-season tropical storms occur such as the Doksuri Typhoon, which caused heavy precipitation and flashfloods in the southern provinces such as Surat Thani, Phangnga and Hat Yai, natural rubber-producing countries such as Thailand can experience a decline in natural rubber production.

(3) Shortage of labor in rubber tapping: While rubber prices are low, farmers and rubber plantation owners are more inclined to stop tapping rubber and change their occupations to provide better income. Continued decline in rubber prices can lead to a shortage of rubber tappers, which can in turn lead to production shortages.

Rubber Prices – Since natural rubber is a consumer product, prices might fluctuate due to a number of factors as follows:

(1) Demand and supply of natural rubber: This is because the demand for natural rubber is mostly in the manufacturing of tires for cars and other vehicles. Although there are many other natural rubber-derived products, tires continue to be the main product. Therefore, the demand for car tires significantly affects the rubber demand. On the other hand, the supply of rubber is largely dependent on the cultivation area of rubber trees that can be tapped.

(2) Competition with alternative products: Alternative products include various types of synthetic rubber. With high production of synthetic 35 rubbers, competition might ensue in products switching over to use synthetic rubber instead of natural rubber.

(3) Oil prices: Natural rubber prices are subject to both direct and indirect impacts because oil prices provide the main component in the capital structure of synthetic rubber production. Hence, periods of low oil prices can lead to lower prices for synthetic rubber, an alternative to natural rubber. On the other hand, oil price crisis also cause a drop in consumer product investment.

(4) Guidance of rubber price in the Agricultural Future Market: Natural rubber is traded in much agricultural future market, such as Thailand, Japan and China. In these markets, many groups of traders are engaged, namely, rubber sellers who want to prevent risks and various investors. Accordingly, the volume of future contracts each year (as

counted in volume of rubber) is several times greater than the actual production of rubber. As a result, the price of rubber in the future market impacts the trading of natural rubber.

3.2 Risks from Currency Exchange Rates

Because the company's group exports the rubber to international customers, revenue is received in foreign currencies. However, most costs and expenses occur domestically. Hence, all foreign currencies are converted into the Thai baht currency. Due to Fluctuations in the Thai baht, revenue might increase or decrease if risk preventive measures are not set in place.

3.3 Risks from Government Policies

Because Thailand is the world's largest manufacturer of natural rubber, and because natural rubber generates main income for the nation in which many farmers are involved, the government is inclined to subsidize prices if the government views that farmers would suffer from lower income. This has been apparent in previous government projects, such as those from 2012 to 2014, with impact on private sector businesses through cost increases and potential failure to compete with exporters from other nations. In other words, if competitive situations are not facilitative, global prices might not increase with the prices set through intervention by any given nation. Furthermore, when news arrives that the Government intends to release its rubber stock; the prices of rubber in the market will drop due to the pressure to sell. In addition, rubber quantity control occurs through reduction of Rubber cultivation areas by development fund projects in promotion of reduced rubber cultivation. This offers financial assistance to farmers who reduce rubber cultivation or who Switch over from rubber to other crops that are suitable to their areas.

3.4 Risks from the international trade war in China and the United States

During the year 2018, the United States has enforced measures to import taxes from abroad. The increase in US tax increases caused concern from many countries affected by this policy. China is one of the most affected countries. China has responded to such import tax measures. By importing taxes as well from the measures of these two countries, causing the global economy to slow down. Although this trade war will not directly affect the industry, But affects the amount of natural rubber use in the world And oil prices Which the trade war of the two countries continues until both countries are resolved.

4. Business Assets

4.1 Fixed Assets

The company and subsidiaries comprehensively operate business in the manufacturing, distribution and export of natural rubber. The fixed assets used in production consist of land, structures, factories and machinery. The fixed assets owned by the company are as follows:

(1) Assets Used in Manufacturing and Distribution

Business Assets	Owner Account	Value (million baht)	Obligations
1. Land, Structures and Land Development	Owned by Group Company.	1,544	Mortgage with financial institutions
2. Structures and Building Development			
2.1 Two office buildings Located in the provinces of Samut Prakan and Chiang Rai.	Owned by Group Company.	900	The two office buildings are under mortgage with financial institutions
2.2 Five concentrated latex manufacturing factories located in the provinces of Chon Buri, Rayong, Surat Thani, Songkhla and Phangnga.	Owned by Group Company.		Mortgage with financial institutions
2.3 One elastic rubber thread factory located in Rayong Province.	World Flex PCL.		Mortgage with financial institutions
2.4 One natural rubber mattress and pillow manufacturing factory located in Chachoengsao Province.	Latex Systems PCL.		Partially mortgaged with financial institutions
2.5 Three rubber plantation facilities located in the provinces of Chiang Rai, Nan, Phayao.	Thai Rubber & Plantation Co., Ltd.		Mortgage with financial institutes.
3. Machinery			
3.1 Machinery in concentrated latex production.	Owned by Group Company & under financial lease contracts.	603	Largely under mortgage with financial institutes.
3.2 Machinery in elastic rubber thread production.	World Flex PCL.		Largely under mortgage with financial institutes.
3.3 Machinery in natural rubber mattress and pillow Production.	Latex Systems PCL.		Partial mortgage with financial institutes.
3.4 Machinery used in rubber plantations.	Thai Rubber & Plantation Co., Ltd		Not under mortgage with financial institutes.

As of 31 December 2018, the company's group had a total net book value of 3,042.4 million baht in land, structures and machinery that are collateral for financial institute loans.

Remarks: Book value means appraised asset value less accrued price depreciation.

. (2) Real Estate for Investment composed of the following:

On land and factory buildings for rent, Is a one-story factory building With 2-storey office, boiler building located on 75 rai, 2 ngan and 86.0 square wa of land that are owned by the company with a total book value of 120.59 million baht. A related company is currently renting from the company at a rate of 1.02 million baht (with a contract term of 14 years from 3 January 2017 to 31 January 2031). The aforementioned real estate has mortgage obligations with financial institutions.

Land for rent consisting of 2,050 rai, 48 square wa belongs to a subsidiary, namely, World Flex PCL. With a value of 337.88 million baht, the real estate is rented out to unconnected people for sugarcane cultivation from 1 December 2014 to 31 March 2018 with rental fees charged at 6 million baht. This real estate has partial mortgage obligations with financial institutes.

Land and factory buildings consisting of eight buildings and other structures on 36 rai, 2 ngan and 48 square wa belong to a subsidiary, Thai Rubber HPNR Co., Ltd. with a total book value of 102.6 million baht. Currently, an unconnected company is renting this asset at the rate of 6 million baht per year (with a contract term of five years beginning from 15 January 2014). This real estate has no mortgage obligations with financial institutions.

As of 31 December 2018, the aforementioned investments in real estate amounted to 558 million baht in total book value (as appraised by an independent appraiser on 12 December 2018, 26 December 2018 and 20 December 2018 for sales prices).

(3) Intangible Assets

Significant intangible assets of the company and subsidiaries in business consist of computer software, which, as of 31 December 2018, have a book value of 4 million baht.

4.2 Investment Policy in Subsidiaries and Associate Companies

The company has a policy to invest in businesses that manufacture products for sale because of its nature as the group's main businesses. In doing so, investments are made in sufficient proportions to allow the company to participate in the management and policy specification of these businesses.

4.3 Information about Asset Appraisals

(1) The company's group has a policy to record fixed assets in terms of land, structures, factories and machinery at fair value since 2007. In addition, fair values are reevaluated every 5 years. Most recently, the company's group appraised fair values in 2016

(however, investment real estate is evaluated annually), and the next appraisal will take place in 2021.

Thus, as of 31 December 2018, the book values of land, structures, factories and machinery belonging to the company's group were recorded with disclosed fair values.

(2) Asset Appraisers of the Company's Group

In 2017 and 2018, the appraisers were Agency for Real Estate Affairs Company Limited and First Star Consultant Company Limited. These are listed as approved companies in the capital market and accepted as specialists by the Office of the Securities and Exchange Commission.

(3) The purpose of the asset appraisals of the company's group is to ensure that fixed assets in the categories of land, structures, factories and machinery are presented at genuine fair values.

5. Legal Disputes

As of 31 December 2018, the company and subsidiaries had no legal cases or disputes with values exceeding five percent of shareholder equity.

6. General and Other Significant Information

6.1 General Information

(1) Company

Name:	Thai Rubber Latex Corporation (Thailand) Public Company Limited.
Head office	99/1-3, Village No. 13, Kritsada Nakhon Village 21, Bang Na-Trat Km. 7 Road, Bang Kaeo Sub-district, Bang Phli District, Samut Prakan Province, 10540
Tel.	+66 2033-2333 (89 line), +66 2033-2300 to 89
Fax.	+66 2033-2390-99
Factory	29, Village No. 2, Bang Bung-Klaeng Km. 56-57 Road, Nong Yai Sub-district, Nong Yai District, Chon Buri Province, 20190
Tel.	+66 3816 8529-34
Fax.	+66 3816 8529-34 ext. 105
Factory	35, Village No. 4, Krasom Sub-district, Takua Thung District, Phangnga Province 82130
Tel.	+66 7649 6539, +66 7649 6324
Fax.	+66 7649 6325
Factory	198, Village No. 7, Chom Sawan Sub-district, Mae Chan District, Chiang Rai Province 57110



Tel.	+66 5316 0720, +66 5316 0730
Fax.	+66 5316 0720, +66 5316 0730
Factory	124, Village No. 11, Ban Pru Sub-district, Hat Yai District, Songkhla Province 90250
Tel.	+66 7429 1171-4 , +66 7429 1178
Fax.	+66 7429 1175
Factory	293/2, Village No. 1, Khun Thale Sub-district, Mueang District, Surat Thani Province 84100
Tel.	+66 7735 5339
Fax.	+66 7735 5769
Factory	44/5, Village No. 8, Kached-Hat Yai Road, Kached Sub-district, Mueang District, Rayong Province 21110
Tel.	+66 3863 4105 , +66 3863 4306-7
Fax.	+66 3863 4308
Factory	19/52, Village No. 7, Bang Chalong Sub-district, Bang Phli District, Samut Prakan Province
Tel.	+66 740-6386
Factory	680, Village No. 2, Nong Yai Sub-district, Nong Yai, Chon Buri Province (factory-renting offered)
Business Type:	Manufacturing and distribution of concentrated latex and skim block
Business Reg. No.	0107536000137
Website	http://www.thaitex.com
Authorized Capital	1,881,479,688 ordinary shares and 1,881,479,688 baht Authorized Capital
Paid-up Capital	1,881,479,688 ordinary shares and 1,881,479,688 baht Paid-up Capital

(2) Juristic person in which the company holds 10% or more

1. Thai Rubber Latex Group Company Limited.

Office	99/1-3, Village No. 13, Kritsada Nakhon Village 21, Bang Na-Trat Km. 7 Road, Bang Kaeo Sub-district, Bang Phli District, Samut Prakan Province, 10540
Tel.	+66 2033-2333 (89 line), +66 2033-2300 to 89
Fax.	+66 2033-2390-99
Business Type	Production and distribution of latex concentrate, sheet rubber and latex by products
Share Ratio	99,999,994 shares or 99.99 percent out of a total of 100 million ordinary shares
Authorized Capital	1,000 million baht
Paid-up Capital	544 million baht– Business terminated on December 29, 2017 due to



complete business transfer to Thai Rubber Latex Corporation (Thailand) Public Company Limited. Completion of liquidation on December 4, 2018

Subsidiaries of Thai Rubber Latex Corporation (Thailand) Public Company Limited

Shanghai Runmao International Trading Co., Ltd., or

Thai Rubber Latex Group Company Limited. (Shanghai)

Shanghai Greentown, Room 601, Unit 1, Lane 99 Jinhe Road, Pudong, Shanghai, 200127, China

Tel. +86 2138762472 Fax. +86 2150454365
 Business Type Purchase and sale of natural rubber products
 Share Ratio 100 percent or 1,010,000 US dollars
 Paid-up Capital 1,010,000 US dollars

2. World Flex Public Company Limited.

Office 59/1, Village No. 5, Government Highway No. 3191 Road, Nam Khu Sub-district, Pluak Daeng District, Rayong Province, 21140
 Tel +66 3863 7559 Fax +66 3863 7560
 Factory 99/1-3, Village No. 13, Kritsada Nakhon Village 21, Bang Na-Trat Km. 7 Road, Bang Kaeo Sub-district, Bang Phli District, Samut Prakan Province, 10540
 +66 2033-2333 (89 line), +66 2033-2300 to 89
 +66 2033-2398
 Business Type Manufacturing and sale of elastic rubber threads
 Share Ratio 76,999,684 shares or 99.99 percent of 77 million ordinary shares
 Authorized Capital 308 million baht
 Paid-up Capital 308 million baht

3. Thai Rubber Land and Plantation Company Limited.

Office 121/316, Village No. 3, Ban Du Sub-district, Mueang Chiang Rai District, Chiang Rai Province, 57100
 Tel. +66 53793-456 Fax. +66 053793-462
 Rubber Plantations In the provinces of Nan, Phayao, Chiang Rai and Chai Nat
 Business Type Rubber plantation
 Share Ratio 79,999,994 shares or 99.99 percent of 80 million ordinary shares
 Authorized Capital 800 million baht
 Paid-up Capital 800 million baht

Joint Company of Thai Rubber Land and Plantation Company Limited.

Wang Somboon Rubber Plantation Company Limited

Office 99/1-3 , Village No. 13, Kritsada Nakhon Village 21, Bang Na-Trat Km. 7 Road,



Bang Kaeo Sub-district, Bang Phli District, Samut Prakan Province, 10540
 Tel +66 2033-2333 (89 line), +66 2033-2300 to 89 Fax. +66 2033-2398
 Rubber Plantation 127, Village No. 8, Wang Sombun Sub-district, Wang Sombun District,
 SaKaeo Province, 27250
 Tel. +66 81916-5834
 Business Type Rubber plantation
 Share Ratio 2.678 million shares or 48.43 percent of 5.530 million ordinary shares
 Authorized Capital 55.30 million baht
 Paid-up Capital 55.30 million baht

4. Thai Rubber HPNR Company Limited

Office 99/1-3 , Village No. 13, Kritsada Nakhon Village 21, Bang Na-Trat Km. 7 Road,
 Bang Kaeo Sub-district, Bang Phli District, Samut Prakan Province, 10540
 Tel. +66 2033-2333 (89 line), +66 2033-2300 to 89
 Fax. +66 2033-2399
 Business Type: Bar and compound rubber production
 Share Ratio 49,999,997 shares or 99.99 percent of 50 million ordinary shares
 Authorized Capital 500 million baht
 Paid-up Capital 500 million baht

5. Latex Systems Public Company Limited

Office & Factory 79/2, Village No. 1, Hom Sin Sub-district,, Bang Pakong District, Chachoengsao
 Province, 24180
 Tel. +66 2326-0886-7 Fax. +66 2326-0292
 Business Type Manufacturing and distribution of natural rubber mattresses and pillows
 Share Ratio 178,368,960 shares or 56.16 percent of 317,567,712 ordinary shares
 Authorized Capital 225 million baht
 Paid-up Capital 158,783,856 million baht

6. Myanmar Thai Rubber Joint Corporation Limited

Office No. 96 (C), Lanthit Road, Nanthagone Quarter, Insein Township, Yangon,
 Myanmar.
 Office Tel. 951-700942, Fax: 951-644733
 Rubber Plantation 62/1, Kyae Kyay Taing Pyin Field, Kyae Village Track, Palaw Township, Myeik
 District, Thanintharyi Region, Myanmar.
 Rubber Plantation 959-49902048
 Tel.
 Business Type Rubber plantation
 Share Ratio 64 percent or 68.91 million baht



Authorized Capital 107.67 million baht
Paid-up Capital 107.67 million baht

(3) Other Referenced People

1. Securities Registrar

Name Thailand Securities Depository Company Limited
Office The Stock Exchange of Thailand Building, No. 93, Ratchadapisek Road,
DinDaeng Sub-district, Din Daeng District, Bangkok Metropolis, 10400
Tel +66 2009-9385 Fax. +66 2009-9476

2. Auditors

Name KPMG Phoomchai Audit Company Limited
Office 48th Floor, Empire Tower, No. 1, South Sathorn Road, Bangkok Metropolis
10120
+66 2677-2000 Fax +66 2677-2222

Auditors' Names 1. Mr. Vairoj Jindamaneepitak Licensed Auditor No. 3565 and/or
2. Mr. Bunyarit Thanormcharoen Licensed Auditor No. 7900 and/or
3. Mr. Yoottapong Soontalinka Licensed Auditor No. 10604

6.2 Other information

- None -