

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 Group Public Company Limited, former name “Thai Rubber Latex Corporation (Thailand) Public Company Limited” “The Company” has been incorporated on December 6, 1985 with business operations as the manufacturer and distributor of concentrated latex and latex products. On July 30th, 1991 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 THAITEK. THAITEK has expanded its ongoing investments in businesses related to rubber.

PHILOSOPHY

Thai Rubber Latex Group 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

THAITEK'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
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 2018 to 2019 as follows:

- 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, up to 5 Baht per kilogram 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 starts fully in 2019.
- 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 been tapped continuously.

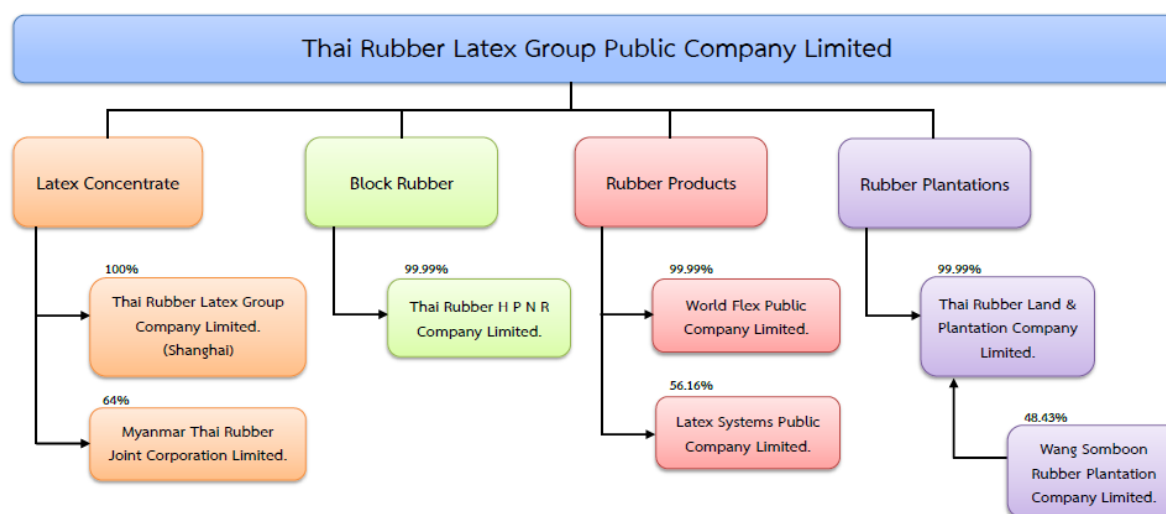
- Increased production in the Company's subsidiaries: World Flex Public Company Limited has been generating more revenue in the rubber thread business, which is good for its parent company. It has increased production capacity based on increased product demand, and opened the third and fourth factories in the same region.

The list of companies in the company's group and the share structure in 2019 is as follows:

<u>Company Name and Group</u>	<u>Share Holding</u>
1. <u>Latex concentrate Group</u>	
1. Thai Rubber Latex Group Public Company Limited *	
2. Thai Rubber Latex Group (Shanghai) Company Limited (subsidiary)	100.00%
3. Myanmar Thai Rubber Joint Corporation Limited (subsidiary)	64.00%
2. <u>Block Rubber Group</u>	
1. Thai Rubber HPNR Company Limited (subsidiary)	99.99%
3. <u>Rubber Product Group</u>	
1. World Flex Public Company Limited (subsidiary)	99.99%
2. Latex Systems Public Company Limited (subsidiary)	56.16%
4. <u>Rubber Plantation Group</u>	
1. Thai Rubber Land and Plantation Company Limited (subsidiary)	99.99%
(Thai Rubber Land and Plantation Company Limited has one joint company, namely, Wang Sombun Rubber Plantation Company Limited.)	

*Former name 'Thai Rubber Latex Corporation (Thailand) PCL.'

Shareholding Structure



2. Business Characteristics

Revenue Structure

Business Group	2019		2018		2017	
	Revenue	%	Revenue	%	Revenue	%
1. Concentrated Latex	5,633	67.31	5,939	67.30	10,002	77.25
2. Rubber Products	2,634	31.47	2,657	30.11	2,482	19.17
3. Rubber Plantations	54	0.61	48	0.54	56	0.43
4. Other Revenue	50	0.61	181	2.05	408	3.15
Total Revenue before Deduction of Connected Transactions	8,368	100.00	8,825	100	12,948	100.00
Deduction: Connected Transactions	(1,497)		(1,249)		(3,480)	
Total Revenue after Deduction of Connected Transactions	6,871		7,576		9,468	

Latex concentrate Group

2.1 Products and Services

Thai Rubber Latex Group Public Company Limited is manufacturers of concentrated latex derived from the separation of field latex and rubber by mechanical centrifugation. Concentrated latex is natural rubber that is composed of 60-percent fermented latex. Concentrated latex mixed with the right chemicals provides the primary components for the production of medical gloves, rubber cleaning gloves, condoms, elastic rubber thread, glue,

balloons, pacifiers, foam and mattresses. Although synthetic rubber provides an alternative to latex concentrate, it cannot be made into medical and 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 Group Public Company Limited is industrially certified for ISO 9001:2008, ISO 14001:2004 and IEC 17025 (Standard Lab) standards. Furthermore, the company is the first in the concentrated latex industry to have been certified by IEC 17025, which is a certification for standardized rubber testing laboratories. Thai Rubber Latex Group Company Limited is also industrially certified by ISO 9001:2008 and ISO 14001:2004.

2.2 Marketing and Competition

(1) Policy and Marketing

1. Important competitive strategies

- Receiving forward orders not exceeding 3 months:

The company is able to compare purchase prices with cost prices, thereby allowing the company to set profitable prices, which helps with good production planning.

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

Our factories are located in major rubber growing areas so that the company is able to effectively control production as a leader in setting prices.

- Our products are sold on a regular basis with punctual delivery Schedule:

As a major company in the natural rubber business means, the company constantly prepares rubber for delivery to customers year round. This is in line with the company's delivery plans.

- Product quality assurance:

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

- After sales service:

The company delivers products and services to customers honestly and provides attentive care.

2. Customer group

The majority of the company's customers have contacted and done business with the company for a long time through maintaining good relations. This is because the company delivers products and services honestly and pays attention to customers.

Furthermore, the company provides assistance and consultation to solve problems when customers face shortages or surpluses in their products.

3. Target customers

The company's main customers are manufacturers and processors of natural rubber products using concentrated latex as the primary ingredient such as rubber gloves, elastic rubber thread, pacifiers, condoms, mattresses, pillows, balloons and glue.

4. Distribution Channels

Domestic and international sales are divided into 60 percent and 40 percent respectively. Products are exported to China, Malaysia, South Korea, Pakistan, India, Europe, etc. Meanwhile, shares of sales are divided into 80 percent in direct sales to natural rubber processing businesses and 20 percent in sales to exporters. The concentrated latex group has no risks because products are not sold to a customer by volumes exceeding 30 percent of total sales.

(2) Industry Competition and Trends

Like year in 2018, the global natural rubber market remained under pressure throughout the year 2019 also, mainly due to the Trade tension between USA and China. As a matter of fact the trade friction between the two countries resulted in general economic slowdown globally. Rubber prices remained depressed and low throughout the year. China's export to the U.S. decreased substantially, which is the major export market for Chinese manufactured goods. Consequently China's demand and import of natural rubber decreased significantly as manufacturing activities in most factories producing rubber products were at minimum level, there were even some temporary shutdowns. China is the biggest consumer of rubber in the world.

Like in 2018 AETS was also implemented last year by ITRC countries (Thailand, Indonesia and Malaysia) to withdraw total of 350,000 tons of natural rubber by withholding exports from January to May 2019 (Thailand 234,810 tons, Indonesia 95,190 tons and Malaysia 20,000 tons), temporarily increased the rubber prices to comfortable levels but failed to sustain for long, after a brief period prices went back to heading downward.

Low rubber prices indeed had an adverse effect on global natural rubber production. Rubber planters were discouraged by the low income they could earn due to the low rubber prices and were not very keen to tap the rubber trees. Resultantly the global natural rubber production in year 2019 was comparatively lower than that of 2018. At the time writing this, we still do not have the actual figure but expected to be far less than 13.635 million tons produced globally in 2018. Also according to International Tripartite Rubber Council (ITRC), rubber production of the world's leading producers namely Thailand, Indonesia and Malaysia (ITRC member countries) is forecast to have decreased by 800,000 tons due to Mycosis disease of rubber trees and low rubber prices.

Although we are yet to get the actual figures, natural rubber consumption is estimated to have dropped by 1.5% in 2019 as compared to 13.5 million tons of 2018.

Natural rubber prices in 2020 are expected to improve, firstly because of the less rubber stock brought forward from year 2019. Secondly the weather condition in main rubber producing countries is expected to be very hot and dry during the wintering period in 2020. Therefore we probably will have a shorter peak season and longer and severe wintering period this year. Also hopefully the global eco-political conditions will improve and be better in 2020.

However the problem of strong Thai Baht is expected to persist in the year 2020 also. Therefore our marketing strategy for 2020 will be to sell more in the domestic market and sell less to the export market. We target to increase our present Domestic to Export sales ratio of 60:40 to a minimum ratio of 70:30. Of course we will try utmost to sell more than 70 percent in the domestic market in 2020.

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 with fully operation.

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 (Spandex). If synthetic rubber prices drop to a certain level, customers will turn to using synthetic rubber instead of natural rubber. In 2019, as synthetic elastic rubber thread production increased and oil price dropped, 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 2019, the demand for elastic rubber thread declined due to the decrease in private investment. Despite heavy competition and fluctuating demands in 2019, the company has been able to increase sales by 20 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 28,000 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

concentrate latex 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. Moreover, the company is more responsible for environment and society.

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 September 2018, the company took control of asset and purchased a rubber pillow factory (3rd factory), located at Kong Din Subdistrict, Klaeng District, Rayong Province, under rubber pillow production test. 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 company, receiving marks and awards such as the quality management system ISO 9001: 2015, the TIS mark, which a few of manufacturers of bedding products made from 100% natural rubber in Thailand that has been certified. The color industry mark Green Level 2 and international quality standards and the LGA Product and Eco Institute Label from the German accreditation institute make customers confident that they will receive quality and durable products, friendly to the environment at a fair price. The company also received the Thailand Top SME Award 2018 in the manufacturing industry from agricultural products and Asia Pacific Entrepreneurship Award 2019, Corporate Excellence Category (Manufacturing Industry) in September 2019. 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, such as wholesaler group, mattress factory operator group, traders and retail customers, etc.

In term of 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

In term of industry competition, in the domestic area, the company has 5-6 main manufacturing competitors; on the other hand, the main international competitors are located in Sri Lanka, India, Vietnam and Malaysia.

2.3 Industry conditions

Because Thailand is being the 1st rubber producer in the world, there are raw materials for the production of pillows and latex mattresses and other rubber products. In

addition, the quality of natural rubber products from Thailand is highly accepted around the world. Especially, latex pillows and mattresses produced from Thailand are known and have high demand in the world market as well. The company is considered as one of the leaders in the production and distribution of mattresses, pillows, and other natural latex products to customers both domestic and international. All products of the company are produced from natural latex, which has advantages in pressure distribution, restoring, ventilation and product life longer than 10 years with no dust mites various pathogens, which people in the current social conditions currently pay more attention to their health, especially today's world has turned into aging society. The demand for mattress products made from natural raw materials is therefore constantly expanding and entering the market gap of mattresses and pillows products, which are manufactured from other types of raw materials such as spring mattresses, memory foam mattresses and sponge mattress etc. However, natural latex pillow and mattress products have a higher price, compared to other products produced from other raw materials; therefore, suitable for consumers with moderate income levels or higher.

Currently, the main customers of rubber mattresses exported from Thailand are China, South Korea and Singapore, which these customers are the target as retail sales in Thailand as well. The number of tourists from these countries is high over the past several years and they come to Thailand with demand for high-quality products. Therefore, the main market for rubber bedding products is China and South Korea due to the fact that Chinese and Korean are considered as end customer, believing that the bedding product from natural latex is good for health, liking the softness of the product and suitable for weather conditions of these country, which the 100% natural latex products help a body warmer when it is cold and cooler when it is hot. As Thailand is the first exporter of rubber in the world, the Chinese and Korean have confidence in the quality and standard of the latex mattress products produced from the factory in Thailand which is standardized and also has a positive impact on the rubber mattress industry in Thailand because Chinese tourists prefer to buy mattresses, pillows and other bedding products produced from natural rubber latex as souvenirs or personal items; moreover, it helps rubber planter and upstream industry generate more income.

The situation and trend of the rubber mattress industry is mainly driven by customers in China and South Korea affecting changes in various factors such as higher population, economic growth, income per capita, population structure ratio, the expansion of target customers of real estate industry and the growth of the number of Chinese tourists in Thailand as well as the responsibility for environment, which has an impact directly on the health and everyday life of people. Therefore, the aforementioned are important factors affecting the growth of the company in the future.

2.4 Product Procurement

(1) Raw material procurement

Concentrated Latex is considered the main raw material for producing mattresses, pillows and other products from natural latex because concentrated latex is agricultural commodity; therefore, the latex price fluctuates based on demand and supply in both domestic and international market. In the past 3 years, the average price of latex (FOB) in Bangkok fluctuates between 25 and 60 baht per kg.

The company's business policy gives importance on the quality of products and quality control of raw materials from the procurement process. The policy of the company focuses on quality, price and delivery time. The company procures materials from top-rank domestic companies in order to obtain good quality natural latex with specific quality at the reasonable price. Chemical purchases are made from importers.

(2) Environmental impact

The company has focused on quality operations to give the best products for consumers along with the preservation of the environment. The company gives importance and sets policy to prevent and control the impact from the operations to communities by visiting people in the communities and persistently inquiring about the impact to the local people who might have effects. From the past, the operations of the company has 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 report 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 tapping from 2015 onwards
2. Nan province, area 2,556 rai, planted from 2005 to 2015, started tapping from 2015 onwards
3. Phayao Province, area 1,219 rai, planted since 2008 to 2015, started tapping from 2015 onwards
4. Chainat Province, area 952 rai, planted from 2013 to 2014, started tapping from 2019 onwards

2.2 Marketing and Competition

(1) Policy and Marketing

In 2019, the subsidiary sold field latex from rubber plantations to the parent company, which is Thai Rubber Latex Group Public Company Limited at Chiang Rai Province to manufacture premium-grade latex concentrate so the parent company and group companies are able to control raw material quality by buying from companies in the same group.

(2) Industry Competition and Trends

In 2019, the northern rubber plantations in the new rubber plantation zones began to produce for the market. However, latex rubber in the northern region popularly comes in the form of cup lump rubber. In any case, the subsidiary is considered not to have any business competition because it produces field latex and delivers all crops from the subsidiary's rubber plantations to Thai Rubber Latex Group Public Company Limited in Chiang Rai Province. In the future, the company will try to offer incentives to rubber plantation owners to tap fresh latex rather than produce cup lump rubber in order to increase revenue and ensure consistency with the provincial administration on environmental conservation and reduction of air pollution caused by cup lump rubber. At the same time, production will be boosted for the company's group as the value of fresh latex and profits for the company's group increase.

3. Risk Factors

3.1 Risks Involving Natural Rubber Supply and Raw Material Prices

Raw Material Supply – 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.

(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 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 between China and the United States

During the year 2018-2019, the United States has imposed tariffs. This cause many countries concern about the tariffs. China is the one who has most impact on this and has responded to the measure by imposing tariffs as well. This situation has causing the world economic slowdown radically even this does not have the direct impact on the rubber industry, but affecting rubber demand and oil price. The trade war has continued until both of them reach an agreement.

4. Business Assets

4.1 Fixed Assets

The company and subsidiaries comprehensively operate business in the manufacturing, distribution and export of natural rubber product. 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.	1,545	Mortgage with financial institutions
2. Structures and Building Development 2.1 Two office buildings Located in the provinces of Samut Prakan and Chiang Rai. 2.2 Five concentrated latex manufacturing factories located in the provinces of Chon Buri, Rayong, Surat Thani, Songkhla and Phangnga. 2.3 One elastic rubber thread factory located in Rayong Province. 2.4 One natural rubber mattress and pillow manufacturing factory located in Chachoengsao Province. 2.5 Three rubber plantation facilities located in the provinces of Chiang Rai, Nan, Phayao.	Owned by Group Company. Owned by Group Company. World Flex PCL. Latex Systems PCL. Thai Rubber & Plantation Co., Ltd.	978	The two office buildings are under mortgage with financial institutions Mortgage with financial institutions Mortgage with financial institutions Partially mortgaged with financial institutions Mortgage with financial institutes.
3. Machinery 3.1 Machinery in concentrated latex production. 3.2 Machinery in elastic rubber thread production. 3.3 Machinery in natural rubber mattress and pillow Production. 3.4 Machinery used in rubber plantations.	Owned by Group Company contracts. World Flex PCL. Latex Systems PCL. Thai Rubber & Plantation Co., Ltd	555	Not under mortgage with financial institutes. Largely under mortgage with financial institutes. Partial mortgage with financial institutes. Not under mortgage with financial institutes.

As of 31 December 2019, the company's group had a total net book value of 2,317.8 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 108.6 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 337.9 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 101.2 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 February 1, 2019). This real estate has no mortgage obligations with financial institutions.

As of 31 December 2019, the aforementioned investments in real estate amounted to 547.7 million baht in total book value (as appraised by an independent appraiser on 30 and 31 January 2020 for sales prices).

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, reevaluated every 5 years (investment real estate is evaluated annually).

(2) Asset Appraisers of the Company's Group

In 2019 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 2019, 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 Group Public Company Limited. Former 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
Fax.	+66 7649 6325
Factory	198, Village No. 7, Chom Sawan Sub-district, Mae Chan District, Chiang Rai Province 57110
Tel.	+66 5316 0720
Fax.	+66 5316 0730
Factory	124, Village No. 11, Ban Pru Sub-district, Hat Yai District, Songkhla Province 90250
Tel.	+66 7429 1171-3
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 Rayong District, Rayong Province 21110
Tel.	+66 3863 4105
Fax.	+66 3863 4106
Factory	19/52, Village No. 7, Bang Chalong Sub-district, Bang Phli District, Samut

Tel.	Prakan Province +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	681,479,688 ordinary shares and 681,479,688 baht Authorized Capital
Paid-up Capital	681,479,688 ordinary shares and 681,479,688 baht Paid-up Capital

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

	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	Bangna Thani Tower No. 1/7 Floor 3 Room 3B Soi Bangna-Trat 34 Bangna Tai Sub-district, Bangna District, Bangkok 10260
Tel	+66 3863 7559 Fax +66 3863 7560
Factory	59/1, Village No. 5, Government Highway No. 3191 Road, Nam Khu Sub-district, Pluak Daeng District, Rayong Province, 21140 +66 2398 7288, +66 2398 7188-9 (Accounting Department ext.192) (Procurement Department ext.184) (Shipping Department ext.181) +66 2398 7187
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.
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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 Tel.	959-49902048
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 Registration

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	48 th 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 -