



บริษัท อีวฟงรबर (ไทยแลนด์) จำกัด (มหาชน)
HWA FONG RUBBER (THAILAND) PUBLIC COMPANY LIMITED

ANNUAL REPORT 2021/2564

FORM 56-1 ONE REPORT

South East Asia's Largest
2 Wheel Tire Manufacture



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Message from The Board of Directors

In 2021, Hwa Fong Rubber (Thailand) Public Company Limited faces a challenge. Due to the epidemic situation of the Coronavirus Disease 2019 (COVID-19), the shortage of raw materials and container as a result, raw material prices and freight rates increased. There was a delay in the delivery of goods abroad. this difficulty bring adaptation to continuous changes in order to achieve the goals of the company.

Market status of the automotive sector, motorcycle exports in 2021 have increased compared to the previous year. However, from the impact of the epidemic of coronavirus disease 2019 which is a force majeure event that cannot be anticipated the company has measures to manage costs and control expenses. As a result, the company achieved the highest sales growth and profit growth that has never been achieved since the company's inception.

Despite the challenges facing the past year's crises, the company remains committed to be a leader in tire production bicycle tire manufacturing. Tires on bicycles and motorcycles in the ASEAN market production expansion Distribution to meet all the needs of customers. with a development plan for sustainable growth throughout the period of the company Being a manufacturer for more than 35 years, the company has plans for an electric motorcycle project. in the future

In 2022, the company will improve various measures. in order to achieve the goal set on behalf of the board and the management team would like to thank customers, business partners, shareholders, employees and all related parties involved in the Company's business for helping to support the Company's goals towards sustainability.



Mr. Shen, Kuo - Jung

Chairman of the Board of Directors

Part 1

Business Operations and Operating Results

1. Structure and operation of the group of companies.

1.1. Policy and business overview

Hwa Fong Rubber (Thailand) Public Company Limited ("HFT") was established in 1987 with a registered capital of 658,434,300 baht and a paid-up capital of 658,434,300 baht. The company's main business is manufacturing and distributing tires, inner tubes for bicycles, motorcycles and small transport vehicles such as wheelchairs, forklifts, carts, golf carts, and cars used for hiking, beach, etc. The company has expertise in the production of tires. For more than 34 years, the Company's major shareholder is Hwa Fong Rubber Industry Co., Ltd. (hereinafter referred to as "HFR"), a company listed on the Taiwan Stock Exchange. For more than 27 years, which is a tire manufacturer. Inner tubes for bicycles, motorcycles, cars, and industrial vehicles that are famous in Taiwan. The company has received technology support, and network marketing from the parent company to produce and sell products under the DURO Q-UICK trademark and the DUNLOP trademark owned by Sumitomo Rubber Company of Japan and a shareholder in the parent company. by products under the company's trademark and is acceptable to consumers. In addition, the company's products It is also certified for international quality standards, including ISO 9001 : 2015 and ISO 45001 : 2018.

HFT's sales portion is classified by the local and international sales in the percentage of 25.38% and 74.62% respectively. In domestic sales, HFT distributes its products to the leading bicycle's Original Equipment Manufacturer (OEM) such as LA BICYCLE, TURBO BICYCLE under the brand name "DURO" and motorcycle manufacturers I.E. HONDA, KAWASAKI including genuine parts to be distributed amongst licensed distributors under "DUNLOP" brand. Moreover, HFT supplies golf tires under trademark "DURO" for golf cart manufacturers (OEM) in making of YAMAHA's golf cart. On top of OEM business, HFT has also work under the brand name "DUNLOP", "DURO", "Q-UICK" and PREMIUM HFT in the Replacement Equipment Market (REP) business via Borneo Technical (Thailand) Co., Ltd., SCI Co., Ltd. And P.V. Motor Co., Ltd.

In the international sales, HFT distribute products via its network of Hwa Fong Rubber (Thailand) Public Company Limited ("HFT"), Hwa Fong Rubber Industries company limited ("HFR"), Hwa Fong Rubber (U.S.A.) Inc.("HFA") they are group companies that allow distribution to cover USA, Europe, Asia, Africa, Australia and Middle East.

1.1.1 Vision, Objectives and Business Goals

Vision

“To be the world leader in manufacturing excellent quality tubes and rubber, to expand our excellent products throughout the world.”

Objectives

Our objective is to be a professional manufacturer focusing on safety, innovation, and environmental protection.

Business Goals

1. To pursue wider share in domestic and global markets, especially in ASEAN countries which tax exemptions becomes our advantage in gaining market share, for example countries with FTA, BIMSTEC.
2. To continuously improve our product quality and gain competitiveness by excellent quality in the long run. Using good quality product as our strategy instead of pricing strategy.
3. To incessantly increase efficiency of our production. Plan and prepare to increase capacity when the market demand grows. Forecast and adjust accordingly to market demand. Maintain competitiveness in production and cost. Deliver fast and on time.
4. To maintain HFT's reputation as the leaders in our main markets, under the support from our parent company with the DURO trademark. To be manufacturing the product under the trademark namely Q-UICK and DUNLOP from Sumitomo Rubber of Japan.
5. To expand the OEM (Original Equipment Manufacturer) market to be stronger and better.
6. To focus on gross profit margin products
7. To develop new products to serve the market demand. To satisfy the need of customers.
8. To promote and reinforce the good public image of our product in the long-term manner. Participate in international Expos especially in ASEAN market and the new market such as the Middle East, Latin America and Europe.
9. To serve our customer's needs while being responsible and following rules for the betterment of our society. Being involve in projects for our environment and for our company, for example manufacturing environmental friendly products which have suitable attributes corresponding to Social Accountability or Corporate Social Responsibility thus making the product to be acceptably in quality, in various countries. This offers the advantageous to sell our products in compliance with the governmental standard such as ISO Standard (Thailand), SNI (Indonesia), MS (Malaysia) E-MARK and REACH and ROHS (EU Countries).
10. To maintain the sales, control the production cost and manage the interests of employees, shareholders and stakeholders.

1.1.2 Major changes and developments

The company is still trying to maintain its trade goals. And operate according to plans to support future market growth under projects that have been promoted from the Board of Investment (BOI) and take advantage of corporate income tax exemption for net profits derived from business operations Received investment promotion (BOI) for a period of 8 years and received a 50 percent corporate income tax reduction of the normal rate for a period of 5 years. Including the privilege of exemption from import duty on machinery as approved by the Board of Investment, as well as other benefits according to the investment promotion certificate which will benefit the company and shareholders

In the past year, the Company received investment promotion in the type of tire manufacturing business for vehicle tires, producing approximately 8.1 million motorcycle tires per year.

In terms of marketing expansion, the company also focuses on expanding the market in the existing customers for sustainable growth. and try to create new customer bases in ASEAN, Middle East, South America and Europe by penetrating the market according to the potential of customers and the company's trademark and marketing plan. as well as the operation of the market by the company itself to reach customers and consumers directly can be used to develop and improve products to meet the highest customer needs

During the period of 1 year, the company no structural changes Management, shareholding, nature of business

1.1.3 The fundraising is in accordance with the objectives disclosed by the Company as follows:

- The company does not raise additional funds -

1.3.4 Clause of the Colonel that the Company has made a commitment in the registration statement for offering securities and/or conditions for permission of the Office and/or conditions for listing securities of the SET

- None -

1.3.5 Name and location of the head office

Location of the head office at 317 Moo 4, Soi 6C, Bangpoo Industrial Estate, Phraeksa Subdistrict, Mueang Samut Prakan District, Samut Prakan Province, 10280

Hwa Fong Rubber (Thailand) Public Company Limited Nature of business Manufacture and sale of tires and inner tubes for bicycles motorcycle Various small transport vehicles and bicycles are abbreviated in the Stock Exchange of Thailand as "HFT", registration number 0107545000152.

As of December 31, 2021, the company has a total registered capital of 658,434,300 baht, comprising of 658,434,300 ordinary shares sold with a par value of 1 baht per share, with a paid-up capital of 658,434,300 baht.

1.2. Nature of business

Company Background

- 1989 - Hwa Fong Rubber (Thailand) Co., Ltd. (hereinafter referred to as “the Company”) was registered and established on June 2, 1987 with a registered capital of 300,000,000 baht, fully paid. Major shareholder is held by the parent company, Hwa Fong Rubber Industry Co., Ltd. (hereinafter referred to as “HFR”) in Taiwan, holding 99.99 percent of the shares. Produces tire and inner tubes for bicycles under the trademark “DURO” and for motorcycles under the trademark “DUNLOP”.
- 1996 - The company was certified ISO 9002: 1994
- 1998 - The company expanded the production of inner and outer tires for use with motorcycles.
- 1999 - The company began to sell motorcycle tires and tubes to Honda Motorcycle Company in the form of OEM.
- 2002 - The company received the ISO 9001: 2000 standard.
- The company converted to a public company On 29 July 2002
- 2003 - The company registered the capital increase to 387,100,000 baht and was approved by the Stock Exchange of Thailand to be a fully paid listed company.
- 2004 - Construction of the second factory located in Bangpoo Industrial Estate Samut Prakan Province.
- Certified Industrial Product Standard (TIS) Motorcycle Inner Tube.
- 2005 - The 2nd factory opened in Q2, producing beach-hiking tires
- 2006 - The company registered the capital increase to 774,200,000baht, paid-up capital 658,434,300 baht.
- The company has been certified "SNI" (Standard National of Indonesia)
- 2007 - Registered trademark "Q-UICK"
- 2008 - The company reduced the registered capital from 774,200,000 baht to 658,434,300 baht.
Paid-up capital 658,434,300 baht
- 2009 - Registered for the conversion of shares from 10 baht to 1 baht, totaling registered capital of 658,434,300 shares, paid-up capital of 658,434,300 baht.
- 2010 - The company was certified ISO 9001: 2008
- Established HFT Holding Company Limited, registered capital 50,000,000baht, fully paid 50,000,000baht.
- The Company has a project to offer shares to the public in the Republic of China, Taiwan as Taiwan Depositary Receipts (TDR) of 210,000,000 shares, which are shares held by Hwa Fong Rubber Industry Co., Ltd. (HFR).
- The Company initiated a share repurchase project of 40,929,800 shares
- 2011 - The company has changed the production of beach-hiking (ATV) tires from under the trademark “DUNLOP ” to the trademark “DURO ”, which is the company's trademark.
- 2012 - The Company sold its repurchased shares through the Stock Exchange of Thailand. (Completed on January 15, 2013)

- 2013 - The Company began to import machinery to support the expansion of production capacity according to the investment promotion certificate from the Office of the Board of Investment (BOI).
- 2014 - The company has installed machines and completed in accordance with the investment promotion project from the Office of the Board of Investment (BOI).
- The company registered the capital increase to HFT Holding Company Limited from the registered capital of 50,000,000 baht, increased to 100,000,000 baht, fully paid 100,000,000 baht.
- The Company has a joint venture with The Ascent (Thailand) Co., Ltd. 43 percent of the registered capital from the registered capital of 20,000,000 baht, and 50% of the paid-up capital.
- The company has a joint venture with Chital International Co., Ltd. 45% of the registered capital from the registered capital of 25,000,000 Taiwan dollars. Paid in full value of registered capital.
- 2015 - The company began to produce and sell tires for motorcycles. as received investment promotion from the Office of the Board of Investment (BOI).
- 2016 - Board of Directors approved investment in Indonesia to establish a company Hua Fong pick up the number (Indonesia) Company Limited (HFI), whereby the Company holds 99% and HFT Holding Company Limited holds 1%.
- 2017 - Purchase of land to prepare for the construction of the factory according to the investment plan in Indonesia.
- Board of Directors Approved the purchase of land for investment in the 3rd factory and requesting investment from the Office of the Board of Investment(BOI)to produce bicycle tires.
- 2018 - Purchasing land to support the construction of the 3rd factory.
- Delay the construction of a factory in Indonesia.
- Added a production line for bicycle tires at the 2nd factory.
- Registration of dissolution in an associated company.
- 2019 - The 2nd factory starts producing bicycle tires.
- The company began to produce and sell tires for bicycles. as received investment promotion from the Office of the Board of Investment (BOI).
- Start building construction and ordering machinery to increase production in the rubber compound.
- 2020 - Submit an application for investment promotion (BOI) in a project to produce tires for bicycles and motorcycles.
- Importing machinery to support the production of rubber compounds that increase.
- Received the safety standard in work ISO 45001 : 2018
- 2021 - Submit an application for investment promotion (BOI) in a bicycle tire production project.
- Project to produce 8.1 million bicycle tires/year.

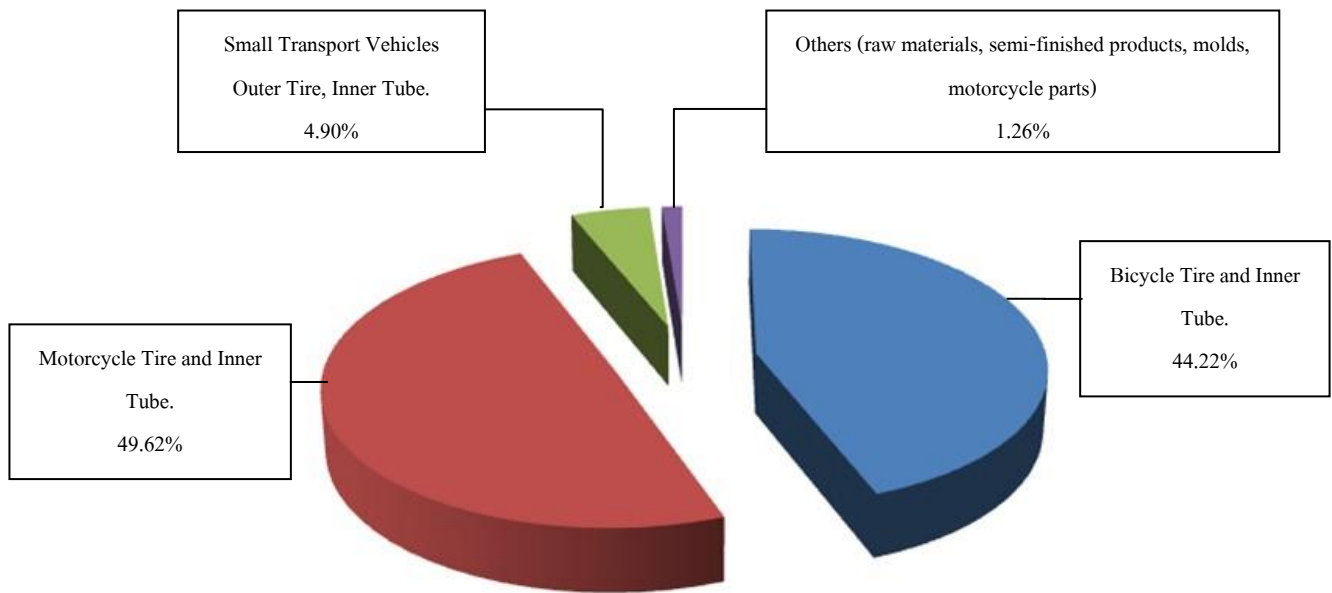
The company has been established and has been specializing in tire and inner tube manufacturing for more than 34 years, supported by HFR, the parent company in Taiwan. HFR has a long history of establishment. 75 years of expertise in the production of tubeless tires that have received many international standards, such as the standard mark "DOT" (Department of

Transportation) in 1974, the standard mark "CNS" (Chinese National Standard) in the year 1987 Standard Mark "JIS" (Japan Industry Standard) in 1989 Standard Mark QS-9000 in 1998 European Standard Mark (E-MARK) in Year 1992, ISO 14001 mark in 1994, CCC MARK (China Compulsory Certification) mark in 2006, and MS (Malaysian Standard) mark in 2010.

1.2.1 Revenue structure

Value of sales of the company's products Separated by product line, year 2019 - 2021 (million baht)

Product Line/Business Group	2019		2020		2021	
	(MB)	%	(MB)	%	(MB)	%
Domestic Sales						
1. Bicycle tire, inner tube.	26.40	0.97	24.34	0.91	18.98	0.55
2. Motorcycle tire, inner tube	754.33	27.56	763.38	28.65	815.57	23.80
3. Small transport vehicle tire, inner tube.	17.42	0.64	14.05	0.53	17.03	0.50
4. Others (raw materials, semi-finished products, molds, motorcycle parts)	17.89	0.65	17.94	0.67	18.22	0.53
Total domestic sales value	816.04	29.82	819.71	30.76	869.80	25.38
International Sales						
1. Bicycle tire, inner tube.	943.03	34.46	939.86	35.27	1,496.46	43.67
2. Motorcycle tire, inner tube	817.69	29.88	766.76	28.77	884.93	25.82
3. Small transport vehicle tire, inner tube.	147.75	5.40	122.61	4.60	150.79	4.40
4. Others (raw materials, semi-finished products, molds, motorcycle parts)	12.17	0.44	15.89	0.60	24.82	0.72
Total International Sale	1,920.64	70.18	1,845.12	69.24	2,557.00	74.62
Total sales revenue	2,736.68	100	2,664.83	100	3,426.80	100

Proportion of product sales in 2021

From the above-mentioned sales value of the Company's products in 2021, it can be seen that the main revenue structure of the Company comes from foreign sales of 74.62% and domestic sales of 25.38 percent. However, compared to the overall revenue in 2020, increased by 28.59% due to an increase in sales of bicycles and motorcycle tires, inner tubes. For most of the main income from overseas sales. Still coming from bicycles and motorcycles tires, inner tubes. As for the domestic market, the main income is still from motorcycle tires, inner tube

1.2.2 Information about the product

(1) Product or service characteristics

The Company is mainly engaged in the production and distribution of inner and outer rubber products as follows:

- Bicycle tires such as mountain bikes, racing bikes, etc.
- Motorcycle tires such as high-speed motorcycles, scooters, motocross vehicles
- Tires for small transport vehicles such as trolleys Forklift, tricycle. Agricultural Vehicles Golf Carts
- Beach-Hiking Tires
- Patient Wheelchair Tires

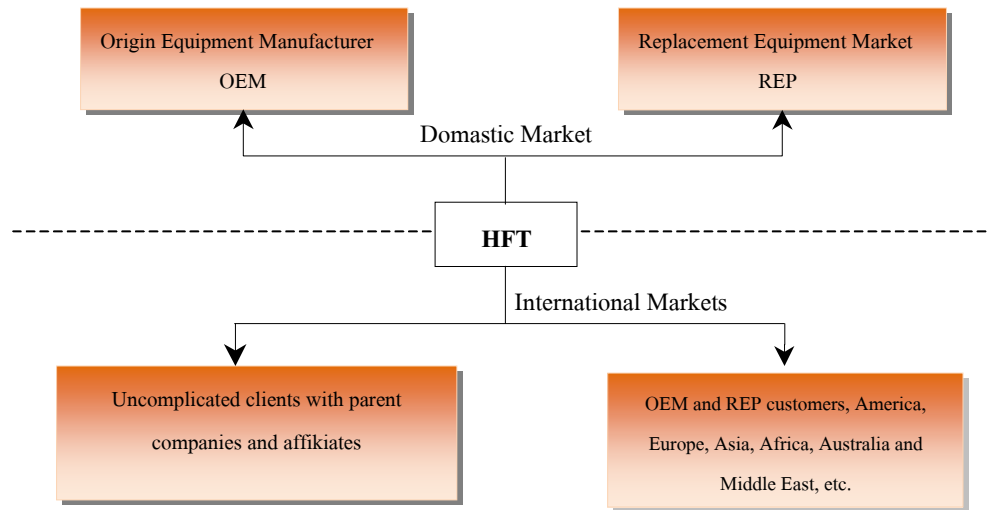
Currently, the company's non-motorcycle tire production benefits from the BOI Board of Investment, with a capacity of 3.6 million lines per year, with the benefit of corporate income tax exemption for 8 years from the date of income, with restrictions on the establishment of factories in industrial estates.

▲ Outer Tires Products Outer tires are products that are worth selling at home and abroad. In 2021, the Company's revenue from outer tire sales accounted for 79.49% of total sales.

▲ Inner Tube Products There are many different sizes and types to meet the needs of customers. In 2021, the Company generated revenue from inner tube sales accounting for 19.25% of total sales.

▲ Others (raw materials, semi-finished goods, molds, motorcycle parts) In 2021, the Company's sales revenue accounted for 1.26% of total sales.

Marketing Structure Diagram



➤ Domestic Market

HFT's target customers can be categorized into 2 groups as follows:

1. Manufacturer group (Original Equipment Manufacturer), also known as "OEM", has gained main popularity in the country by selling directly to leading bicycle manufacturers including BANGKOK CYCLE, SIAM CYCLE, etc. Under the trademark DURO and leading motorcycle manufacturers from Japan include HONDA, KAWASAKI, etc. Under the DUNLOP trademark, the Company has a relationship with SUMITOMO RUBBER GROUP, which increases confidence in the quality of the goods with the reputation of the recognized trademark. This makes it more likely to expand the market.

In 2021, the Company has a market share of approximately 7.6 percent of the domestic motorcycle OEM market. The Company continues to sell golf cart tires under the DURO trademark to leading golf cart manufacturers including THAI YAMAHA MOTOR.

2. Replacement Equipment Market or more commonly referred to as the "REP", is the sale of motorcycle tires through the company's stores and dealers. Under the recognized trademarks such as "DURO," "Q-UICK" and "DUNLOP", the Company conducts its own domestic market using an important marketing strategy: focusing on the quality of products at reasonable prices, which the Company's products have been certified by ISO 9001:2015 international quality system, and Industrial Product Standards (TIS) including ISO 45001:2018 work safety standards, the company determines the sales price. There was no interference from the parent company. The Company determines the price based on production costs or competitive conditions and domestic marketing as a factor in determining.

➤ International Markets

Since the company and its affiliates produce the same tire and tube products, in order to avoid conflicts and conflicts of interest between the parent company's affiliates, the company's product and market classification policy has been established. This is the policy that the parent company uses as a guideline as follows.

• Affiliate Market Classification Table

		Product Categories/Segmentation			Market		
		HFR	HFT	HFC	HFR	HFT	HFC
<u>Bicycle Tire</u>	Category	Advanced level	Intermediate-Lower	Intermediate-Lower	Taiwan Europe	Thailand, Europe, ASEAN and around the world	China America
	Type	Skin wall tire The outer tire does not require an inner tube.	Black Rubber Skin wall tire	Black Rubber			
		High quality	Colored Rubber	Colored Rubber			
<u>Motorcycle Tires</u>	Category	Advanced level	High-Intermediate	Intermediate-Lower	Taiwan, Asia, Middle East, Africa, Europe	Thailand Asia, Middle East, Europe	China, Africa, Middle East
	Type	Speed greater than	Less speed	Less speed			
		180 Km/h	180 Km/h	180 Km/h			
<u>Industrial Tires</u>	Category	Advanced level	Low Level	Advanced level	Taiwan, Middle East, America, Taiwan	Thailand, America, Europe and Japan	China America
	Type	Big Truck, Forecliff, Small Race Car	pushcart LawnMower Small Trailer Golf Carts	Large Trucks Large trailer Mobil home			
	Category	Intermediate	Intermediate – High	Intermediate			
	Type	Speed more than 100 km/h	Speeds under 60 km/h	Speed more than 60 km/h			
		Hiking-Beach Tires (ATV)	Hiking-Beach Tires (ATV)	Hiking-Beach Tires (ATV)			
	Type	Speeds up to 80 km/h	Speeds up to 80 km/h	Speeds below 60 km/h			

- หมายเหตุ - HFR refers to Hua Fong Rubber Industries Co., Ltd., the parent company located in Taiwan.
 - HFT refers to Hwa Fong Rubber (Thailand) Public Company Limited.
 - HFC refers to Hwa Fong Rubber (China) Co., Ltd.

- **High-end Market** refers to the motorcycle and bicycle tire market that require advanced technology to produce, such as skinwall tires that are light, impact resistant, suitable for competitive bikes and foldable tires, which are suitable for freestyle bikes. Hike bikes, including the production of tireless outer tires for high-performance motorcycles, are also priced as a quality separator.

- **Mid - Low end Market** refers to the bicycle and moped tire market, hiking-beach tires (ATVs), as well as industrial tires of consumers such as motorcycles that do not use a lot of speed, inexpensive, as well as regardless of the weight for competition. However, production has been controlled. The world standard is as mentioned above. There are a wide range of product types, including design, vehicle speed and price, so it's a clear market segmentation.

Each affiliate company has a clear marketing target group, which comes from setting a policy from the parent company to prevent competing customers amongst the affiliates. However, although there seems to be an overlap of affiliates such as HFT and HFC, which manufactures motorcycle tires in the middle to lower segments as well, clearly different. HFT has a large customer base from Thailand as well as in Asia and Europe. While HFC has customers in China and the US as bases. At the same time, the parent company specializes in producing bicycle tires, motorcycle tires and industrial tires at a high-tech level. As a result, the product quality is higher and the price is different. The target group of the parent company is therefore completely different from that of HFT and HFC.

In summary, the parent company (HFR) has a policy to define customer groups for each branch. As well as the price of the products that will be offered to various countries with FHA as the center of distribution of products to customers in the United States.

HFT's Export market can be categorized into 2 groups set out below:

1. Customer group supported by parent company

The parent company will send a list of customers according to the type of product that the Company produces and the market segments defined in the table mentioned above. The company will send goods and charge directly from customers, which will cover the entire European continent. It currently has several customers supported by its parent company.

2. International Customers individually acquired by HFT

The Company is able to market overseas in the event that the products are sold in the market that does not overlap with its subsidiaries, namely the major customers in the European market such as the Decathlon Group and Vittoria for bicycle tires and the Indochina, ASEAN, Middle East, Africa group, which the Company is the price set by referring and comparing the selling price of the same product. This is to control the price competition between companies in the group and to ensure that the product price is in line with the competitive situation with the world market. The key factor used in pricing is the cost of raw materials. Same product characteristics and price level as competitors, and market conditions at that time, etc.

(2) Market Conditions and Competition

➤ Domestic Competition Conditions

1. Original Equipment Manufacturer (OEM)

The domestic motorcycle market in 2021 has a number of new vehicle registrations of 1,762,630 units*. Compared with the year 2020, the number of 1,681,437 units, an increase of 4.8 percent due to the production volume in the second quarter of 2021 expanded. Compared to the same period last year This is the expansion of the domestic market and the global economy has begun to recover after the Covid-19 epidemic. The motorcycle market in the past year is therefore considered to be in a better direction, indicating that motorcycles are still essential products in daily life. Both in terms of travel and occupation, including supported by economic stimulus measures from various policies. of the government continuously.

Even Thailand still has to face the epidemic of Covid-19 in the past year but the overall situation is likely to be better than in many other countries. There are also positive factors from the importation of vaccines, which builds confidence for all sectors while the government's response measures are more clear. including the adaptation of most Thai people who have begun to come back to live under the Covid-19 situation.

While the price of agricultural crops is improving, which is a factor that increases the income of the people in the agricultural sector, thus, the demand for motorcycles in the country tends to expand in accordance with the economic situation.

(* sourced from www.dlt.go.th)

2. Replacement Equipment Market (REP)

In 2021, the overall market in the country has begun to improve as a result of the overall situation of the Covid-19 epidemic. It is likely to improve after the majority of people have been vaccinated and started to live accordingly. Normally, including the government sector, there has been continuous economic stimulus measures which have increased the demand for products in the market.

Although the raw material price situation is volatile due to the demand-supply factors in the world market causing the cost of goods to increase, the Company has to adjust the sales strategy to maintain its market share, such as the strategy of price and promotion. Sales include production planning to prepare products for increasing demand to meet the market situation. In addition, the company still attaches importance to building a good relationship between the companies. with a network of stores continuously making the company able to maintain customer base with good cooperation and support from customers and stakeholders of the Company.

The Company continues to operate a sales strategy in the substitution market by selling the Company's products. Direct to retail and wholesale stores both in Bangkok and various provinces all over Thailand ready to make promotional promotions This is because the quality of the product has been accepted for a long time. Including the management of distribution logistics, resulting in good feedback from the market. Including still focusing on maintaining quality and developing competitiveness in price continuously Therefore, it is popular among consumers and increases confidence in the company's products in the future from the confidence in the product quality and the image under the company's trademark. making it possible to increase sales.

➤ International Competition Conditions

The Company has exports all over the world, including Asia, Europe, the Americas, Africa and the Central East, with factors supporting the Company's exports, such as:

- Having a trademark is recognized all over the world.
- Marketing support from parent companies and group companies that have long specialized and operated in this business.
- The quality of the product is acceptable and competitive with the global market.

However, due to the current competition in price is quite high. In terms of product marketing policy in 2020, when comparing with competitors for the same product, it was found that in the bicycle tire the company can create a selling point in terms of prices that customers can access. important to the company Stable in terms of quality is quite high. compared to competitors because the company is a large manufacturer Able to produce products in large quantities and continuously This makes it possible to manage orders in a systematic way. And customers can plan to order in advance for the long term. In addition, the product also includes the product of the bicycle tire is Skinwall (thin sidewall – high performance), which is considered a quality and lightweight tire. And still developing such products to a higher level. including creating a selling point in the field of business cooperation with partners Communicate marketing information, thus allowing to expand more markets both in terms of adding customers and distribution centers in many continents, focusing on the European continent. Which has adapted to a new lifestyle (New Normal), there is a tendency to increase the consumption of bicycle tires, But in the past year, the overall sales of tires The tire on the bike has dropped slightly. Due to the epidemic situation of COVID-19 The company There is a continuous production plan to support pre-orders. in order to be able to deliver the goods on demand after the situation improves. By continuing to focus on the training of employees to learn in various fields for continuous improvement in product management and productivity.

For motorcycle tires, the company still aims to promote sales to customers. by providing support to customers in terms of in-depth study of competitors' prices and adjusting the price structure of each market to make them more competitive Including the support of sales and marketing activities with customers in the ASEAN region. However, in 2021, the impact on supply-demand of the global market including the trade war between the US and China spread of covid 19 in each country still resulting in price competition and transportation restrictions, But the company has an efficient production management. After the situation began to improve, the company therefore can deliver more products as a result, overall sales in the past year have grown.

Overall, the proportion of foreign sales is 74.62%, with competitors from China, Indonesia, India and Sri Lanka, which have high production capacity and low cost. causing the selling price to be relatively low to compete in the open market in the ASEAN region, however, the company Therefore, there is a competitive approach by using quality and good service as a selling point in order to maintain the existing customer base. At the same time, the company There is a public relations plan to expand the market to make the product more known. Build strengths in meeting customer demands for compliance with various charters. including projects that It is beneficial to the environment and the organization, for example, the production of environmentally-friendly products to comply with the Social Accountability Charter. or social responsibility This makes products certified for quality in many countries. It is an advantage to sell products as specified by the government of each

country, such as Thai Industrial Standards (TIS), SNI (Indonesia), MS (Malaysia). E-MARK, REACH and ROHs (European Union countries) etc.

➤ Industry Overview

According to the company have many competitors who are produce tire and tube for bicycles, motorcycles and industrial vehicle in China, Indonesia, Vietnam and other countries. So the company still plans to launch new best quality products to be able to expand market share especially in the middle and lower market. In order to avoid compete by undercut price and the company is facing extreme competition in the market. Company must raise the level of the high-end market by way of commission.

- Development of new products continuously by making our own unique goods which different from other competitors.

- Development of packaging in accordance with the market's demands

- Maintaining the best quality and follow all international standard which company is guaranteed.

- Realizing the customer needs, and cooperate with customers to create the cooperated market strategies for goal achievement

- Sensing the price fluctuation and review the competitor's price timely and precisely, as well as, revising HFT strategies by conducting the competitor's analysis (Benchmarking)

▲ Domestic Market

The consumption of tires and tubes on motorcycles and bicycles depends on the conditions of the motorcycle and bicycle manufacturing industry. including the overall economic condition as for the investment and production base structure of Thailand's motorcycle industry at present, it is still a group of manufacturers from Japan.

From the number of new motorcycle registrations in 2021 which has increased by 4.8 percent, the company has considered the overall economic condition. Make it necessary to implement marketing and sales strategy plans. by focusing on maintaining a potential old customer base by focusing on maintaining product quality product image creation Controlling sales prices to stay competitive and does not focus on price competition, which will cause negative effects in the long-term market

▲ International Market

The rate of exports of motorcycle tires and tubes still tends to grow higher each year. If there is no COVID-19 epidemic situation This is to increase market share from other competitors as much as possible, along with efforts to access markets in developing countries in the ASEAN region. Middle East and Africa the bicycle tire product segment remains an important part that can be expanded in the European market, which is a group of countries campaigning for energy conservation and environmental protection. Each year, sales continue to increase steadily. The company continues to develop new products. to be able to meet the needs of customers in the market especially the products in the high-end customers Whether it is high-performance products that can dominate the upper market or fashionable products, etc.

(3) Procurement of products or services

The company has a factory located at 317 Moo 4 Soi 6C Bangpoo Industrial Estate, Phraeksa Subdistrict, Mueang Samut Prakan District, Samut Prakan Province, comprising the head office building, factory office Warehouse and raw materials Chemical and Rubber Mixing Plant rubber factory tire factory and the second factory located at 865/1 Moo 4 Soi 11B Bangpoo Industrial Estate, Phraeksa Subdistrict, Mueang Samut Prakan District, Samut Prakan Province, consisting of a factory office, Factory to store

➤ Total capacity

Actual production capacity and quantity of the Company 2019-21

	2019	2020	2021
Full Capacity (Unit: Line/ Year)			
- Outer tires	23,994,000	24,633,000	26,496,000
- Inner tube	28,200,000	28,200,000	29,400,000

➤ Raw material

The company pays attention to the quality control system of the products by selecting raw materials. Inspection and quality control prior to order approval and brought into the manufacturing process. In addition, the Company has a policy to reserve raw materials from abroad for approximately 4 - 8 weeks and domestic raw materials for approximately 2 weeks. For the main raw materials in production, there are approximately 10 types according to the proportion of imports and purchases from the country in 2021 from Supplier countries as follows

category	Proportion of orders (%) / Buy-from country
1. Nylon Cord	63.51 % from China 28.29 % from Taiwan 8.20 % from Thailand
2. Butyl Rubber	92.71 % from Russia 5.73 % from Singapore 1.56 % from Japan
3. Synthetic Rubber	45.27 % from Korea 30.57 % from Taiwan 22.60 % from Thailand 0.99 % from China 0.57 % from Russia
4. Natural Rubber	100 % from Thailand
5. Carbon Black	75.96 % from China 21.36 % from Thailand 1.52 % from India 1.16 % from Taiwan
6. Calcium carbonate	100 % from Thailand
7. Bead Wire	51.13 % from China 48.87 % from Thailand
8. Zinc Oxide	94.04 % from Thailand 5.96 % from Taiwan
9. (Reclaimed Rubber	44.26 % from India 33.27 % from Taiwan 21.61 % from China 0.86 % from Thailand
10. Crown Clay	100 % from Thailand

Although the company There will be no long-term raw material purchase agreement with any supplier. But the company has at least 2 main raw material distributors that are trading. Therefore, the company therefore never encountering a shortage of raw materials because there are many sources for purchasing raw materials both domestically and internationally for some raw materials which the company in the group must be used the same. The parent company will be an agent in procuring and negotiating the price with the group companies, enabling the company to purchase raw materials at a cheaper price. The company will be paid the cost of raw materials directly to the supplier company.

The company has two sources of raw materials purchased from:

1. Purchase raw materials directly from manufacturers and suppliers.
2. Purchase raw materials through a Broker.

The Company orders raw materials directly rather than through broker, thus controlling costs and also establishing good relationships between the company and the manufacturer and distributor of raw materials.

- The value of raw material orders by direct purchase and purchase through the broker for the year 2019 – 2021.

	2019		2020		2021	
Source of raw materials	MB	%	MB	%	MB	%
Buy directly	1,101.37	83.85	888.54	81.06	1,739.85	85.10
Buy through a broker	212.09	16.15	207.56	18.94	304.74	14.90
Total	1,313.46	100	1,096.10	100	2,044.49	100

- Value of domestic and international raw material orders in 2019-2021

	2019		2020		2021	
Source of raw materials	MB	%	MB	%	MB	%
Domestic	491.92	37.45	411.84	37.57	738.44	36.12
foreign	821.54	62.55	684.26	62.43	1,306.05	63.88
Total	1,313.46	100	1,096.10	100	2,044.49	100

Purchases of raw materials in 2021 are approximately 86.52% more than in 2020, mainly due to higher production volumes and higher raw material prices. This causes the quantity and cost of purchasing raw materials to increase accordingly. for raw material prices including natural rubber Synthetic rubber, carbon black powder and other chemicals also saw a significant increase compared to last year. This is mainly due to the overall demand for products in the market after the epidemic of COVID-19. has increased the shortage of shipping containers and the multiplicity of international freight costs. It is also affected by China's environmental control measures and restrictions on electricity consumption. causing raw material prices to rise like wire. However, the current oil price situation is still at a high level. It is expected that raw material prices at the beginning of the year will remain high. Still need to keep an eye on the situation of COVID-19. Will there be more violence or not.

➤ Environmental Impact

The Company, located in Bangpoo Industrial Estate, Samut Prakan Province, has met the criteria for controlling pollution and factory waste to meet the standards of industrial estates. This is in line with the current provisions and there are no production pollution affecting the environment.

➤ Wastewater Management

As in the production process, wastewater is released from various processes, as a result, there is a production wastewater generated, which is mainly from mechanical coolant, so that the water quality meets the legal standards. The company has invested in the preparation of oil traps. The wastewater treatment well system will trap grease before release and adjust the pH to the standard before further release into the contractor's sewage pipe. This is to assess the quality level of water discharged. The company has taken the following measures:

1. Monitor pH from pH meter and litmus paper on a daily basis for two hours each, 8:00 am. morning and 1:00 pm. Afternoon.
2. Hired Global Environmental Technology Co., Ltd., which was assigned by the Industrial Estate Authority of Thailand to analyze the company's wastewater. From the results of sampling wastewater twice a month, the PH and temperature values are within the effluent standards of the Industrial Estate Authority of Thailand.
3. Waste is scooped out of the treatment pond and cleaned up in the wastewater treatment pond on a daily basis. Continuously and clean the treatment pond 2 years / time.
4. The company has installed a Cooling Tower system used on machines, which separate oil from wastewater. Reuse saves water resources and reduces the amount of wastewater that will be delivered for further treatment, and also reduces unnecessary costs.

➤ Disposal of sewage or used materials

The system for disposal of waste or used materials of the company will separate each type of waste before discarding and hired West Management Siam Company Limited, which has special expertise and experience in providing business management in environmental management and disposal of waste or used materials to be eliminated properly which is a company that has been authorized by the Department of Industrial Works and has been properly licensed according to the announcement of the Ministry of Industry. has also appointed staff to take care of occupational health and working environment to comply with environmental laws in order to develop the workplace so that it does not affect the environment. West Management Siam Co., Ltd.

➤ Air Pollution Mangement

1. In the production process, the company's tires may cause dust dispersion. Therefore, the company has chosen to use vacuum cleaner system. To collect dust to prevent external dispersion and treated by the filter bag system before releasing it into the outside air to prevent problems and for excellent performance. To control pollution in accordance with the requirements, this is for cleanliness in the workplace and to improve the quality of the environment. In addition, the Company has installed a dust removal system in the rubber mixing area by installing 9 of 20 hp Xylo aerosol vacuum cleaner systems and using vertical screw feeder automatic carbon conveyor system instead of carbon transmission system using conveyor cups, which causes carbon dust leakage to the outside by hiring Safety Plain Co., Ltd. to conduct one inspection once a year.

2. The Company has used natural gas as fuel to produce steam (Boiler), thus reducing production costs and for a better environment.

3. The company has conducted air checks from boiler craters that emit polluted air into the environment by hiring a C.T. company. Envirment & Chemical Limit to conduct emissions assessment and control from Boiler 2 times a year.

3. The Company has arranged to conduct a work environment inspection to measure and evaluate air quality within the production process. Bring to the guidelines for preventing and correcting both engineering and personal protection of employees by hiring Safety Plain Co., Ltd. to conduct audits twice a year.

(4) Business Assets

Main assets of the Company, subsidiaries and associated companies

The company's main assets as of December 31, 2021 are as follows:

Property Type/Characteristics	Proprietary characteristics	Accounting value (MB)	Encumbrances
Land in the area where the factory and factory improvements are located has an area of 29 rai 3 ngan 16.3 square wa and the 2nd factory has an area of 32 rai 1 ngan 76 square wa.	The company owns the freehold.	112.15	without
The 3rd factory land has an area of 27 rai 3 ngan 72.8 square wa. (Still not being utilized in 2021))	The company owns the freehold.	206.98	without
4 Units of Suit rooms in 2places	The company owns the freehold.	7.65	without
Buildings Located on the same land as the factory area.	The company owns the freehold.	455.21	without
Machinery & Equipment	The company owns the freehold.	441.49	without
Office Furnishings & Supplies	The company owns the freehold.	4.77	without
Vehicle	The company owns the freehold.	10.58	without
Assets under construction and Machines in process	The company owns the freehold.	324.87	without

The main assets of subsidiaries as of 31 December 2021 are as follows:

Property Type/Characteristics	Proprietary characteristics	Accounting value (MB)	Encumbrances
Land in Indonesia 163,510 square meters (Still not being utilized in 2021)	The subsidiary owns the ownership.	238.44	without

Investment Policy in Subsidiaries

The Company has an investment policy.

- Beneficial short-term and long-term investments can generate income for the company by investing in subsidiaries for business Investing in bonds or instruments of value as well as other businesses under the objectives of the company.

- The Company established a subsidiary in Indonesia under the name of Hwa Fong Rubber Company (Indonesia) Co., Ltd. because it is the country with the 4th largest population in the world. The company has a policy to invest in business to produce and sell tires and inner tubes. can participate in the management and set guidelines of such business at present, the company has slowed down its investment in Indonesia. Due to the Company's focus on investment in expanding production in Thailand, as for the investment in land that has already been purchased, the Company will operate in the area of warehouses that import products from Thailand. to distribute as well as to study additional distribution and distribution channels.

Investment Policy in Associated Companies

The company has a policy to focus on expanding investment in businesses related to importing, exporting, purchasing and distributing bicycle products. motorcycle Tires for all types of vehicles including spare parts and related equipment by which such investments are in the proper proportion and at present, the company registered the dissolution of The Ascent (Thailand) Co., Ltd. on February 27, 2018. The company received some investment back from the dissolution of The Ascent (Thailand) Co., Ltd., currently in during liquidation.

Significant intangible assets in business

-None-

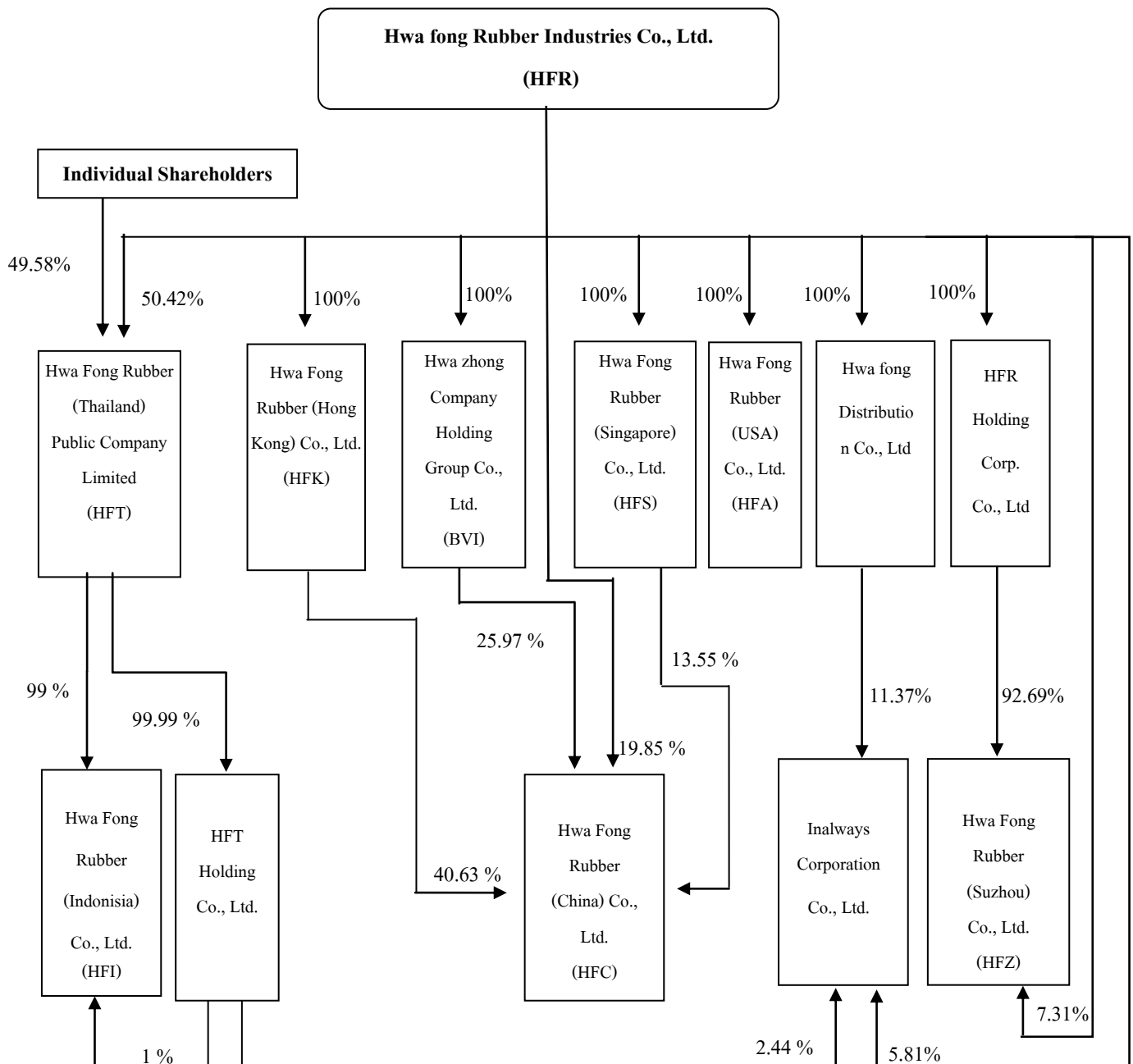
(5) Undelivered work

-None-

1.3. Group Shareholding Structure

1.3.1 Group Shareholding Structure

Currently the company Its major shareholder is HFR, the parent company located in Taiwan. With the following structure:



1.3.2 Persons who may have conflicts hold shares in subsidiaries or subsidiaries in excess of 10% of the Company's voting shares

- None -

1.3.3 Relationship with the Business Group of Major Shareholders

Hwa fong Rubber Industries Co., Ltd. - HFR is the parent company of the Hua Fong Group. It consists of HFT, HFA, HFC, HFZ and its subsidiaries, HFR, located in Taiwan. while affiliates are distributed in different countries with potential for business growth The parent company is the one who provides both production and marketing policies for the entire group of companies. which various policies It comes from the agreement received from the resolution of the executive meeting. which the subsidiary company must comply with the said policy In addition, the responsibility of the parent company not only closely supervising the performance of affiliated companies; but also a tire manufacturer for sale in Taiwan and markets around the world, such as Europe, the Middle East and North America, with an emphasis on producing tires of medium to high quality. and tires for motorcycles and high-speed industrial tires. The method of selling products produced by HFR will focus on selling mainly in Taiwan, especially bicycle tires. As for motorcycle tires, there is a European market to support. and global markets for other industrial tires including radial tires that are constantly expanding the market Another important thing is the parent company provides research and technology support to group companies whose technology is also cooperated with business partners, Japan's Sumitomo Rubber Company.

Hwa Fong Rubber (Thailand) Public Company Limited – HFT is a manufacturing and distributing company. The Company will manage and determine the marketing policy in Thailand. Southeast Asia, Africa, Middle East and Australia for the European market And the Americas, the company will receive support from the parent company. The company produces both tires. and inner tubes for bicycles motorcycle small transport vehicle and tires used for running on the beach - hiking, but the products produced will focus on medium to high quality. and tires for low-speed vehicles which is different from the market of the parent company therefore, HFT has a different market than its parent company and its group companies.

Hwa Fong Rubber (USA) Co., Ltd. – HFA is a company that does not have its own manufacturing center. It is the only distribution center in the North American market. and is an after-sales service center the nature of the company's operations is to receive products from affiliated companies. to be sold in the United States.

Hwa Fong Rubber (China) Co., Ltd. – HFC is a manufacturing company. and selling products with a focus on the domestic market in China mainly because China is a country with a large market The products sold will focus on the mid- to low-end market. and tires for low-speed vehicles Like HFT, HFC has a distinct market. In addition to selling within China also exporting products for sale in the United States through the company HFA, which takes care of the American market and sold to African countries and Middle East countries.

Hwa Fong Rubber (Hong Kong) Co., Ltd. – HFK is a trading company. The company was established due to the legal restrictions of Taiwan. The prohibition of Taiwanese companies from direct investment in the People's Republic of China, effective since 1994, caused the establishment of HFK, an intermediary for investment in China further. The company does not have any production bases.

Hwa Fong Rubber (Singapore) Co., Ltd. – HFS is a holding company that acquires shares in HFC on behalf of its parent company (HFR) with no production base or business. The company was formed because after Hong Kong merged with China in 1997, the parent company HFR had to form a new company as a trading company with HFC.

HFR Holding Corp., Ltd. is a holding company that has acquired shares in HFZ on behalf of the parent company HFR without a production base. But to operate the business of investment, trading, manufacturing, planning and technical services, the company was established in 1998.

Hwa fong Rubber (Suzhou) Co., Ltd. - HFZ is a manufacturer and distributor of radial tires in the global market

Hwa fong Rubber (Indonesia) Co., Ltd – HFI is a subsidiary of Hwa Fong Rubber (Thailand) Public Company Limited. Currently, delay the construction of the factory.

Hwa zhong Company Holding Group Co., Ltd. is a company established for trading. The company was established due to the legal restrictions of Taiwan. The prohibition of Taiwanese companies from direct investment in the People's Republic of China, effective since 1994, caused the establishment of Hwa zhong Holding Group Co., Ltd., an intermediary for investment in China. The company does not have any production bases.

Hwa fong Distribution Co., Ltd. operates an apparel business. Electrical Equipment Tires, electronics Retail-Wholesale Trading Real Estate Rentals International Business.

Inalways Corporation Co., Ltd. manufactures and sells electronic components and import and export business.

HFT Holding Company Limited is a subsidiary of the Company. Hwa Fong Rubber (Thailand) Public Company Limited was established to trade goods and raw materials, operate business for investment in bonds or valuable instruments. Investment in real estate, buying, selling and for renting, retailing, wholesale of tires, inner tubes and equipment for vehicles and international trade or investment, both import and export, as well as supporting the Company's business.

The Ascent (Thailand) Co., Ltd. is an associate of the Company. Hwa Fong Rubber (Thailand) Public Company Limited was incorporated on April 1, 2014 to sell tires, inner tubes and accessories for all types of vehicles. international trade or investment as well as ordering to be sold in the country and exported to sell abroad bicycle goods motorcycle including spare parts Registered dissolution on February 27, 2018, currently in the process of liquidation.

1.3.4 Shareholder

(1) Major Shareholders

The top 10 shareholders of the Company as of the book closing date on December 30, 2021 are as follows:

shareholder	Number of shares held (shares)	Shareholding (%)
1. HWA FONG RUBBER INDUSTRY CO.,LTD.	332,000,000	50.423
2. THAI NVDR COMPANY LIMITED	33,431,600	5.077
3. MR.ANAN RAWEESANGDUL	20,590,000	3.127
4. MRS. HSIN-MEI YEN HSIEH	15,018,000	2.281
5. MR.RAWI KASEMSARN	12,750,000	1.936
6. MRS.SUPA YANGYOENSUNTHORN	10,350,000	1.572
7. MR.CHIH-CHE YEN	7,871,250	1.195
8. MR.SHIH-HUNG YEN	7,578,750	1.151
9. MR. CHUN-KAI YEN	7,500,000	1.139
10. MR. JUI-HSIEN YEN	7,500,000	1.139

1.4. Amount of registered capital and paid-up capital

The company's registered capital as of December 31, 2021 is 658,434,300.00 baht, divided into 658,434,300 ordinary shares, with a par value of 1 baht per share, paid-up shares. 658,434,300.00 baht

1.5. Insurance of Other Securities

- None -

1.6. Dividend Policy

The Company has a policy of paying dividends to shareholders, including policies for subsidiaries to pay dividends to the Company. as follows:

(1) The Company has a policy to pay dividends at the rate of at least 30% of net profit after deduction of corporate income tax and other reserves if there are no other necessities such as future expansion of the business.

- Dividend payment information 3 year

Year	2019	2020*	2021**
Earnings per share (EPS)	0.42	0.63	0.70
Dividend per share (DPS)	0.145	0.315	0.425
Dividend Payout Ratio (%)	30.70%	50.27%	60.72%

Remark : *The Annual General Meeting of Shareholders No. 1/2021 approved

**If the Annual General Meeting of Shareholders No. 1/2022 approves

2. Risk Management

2.1 Risk Management Policy and Plan

The company's risk assessment under the changes that may affect both internal and external process, we had been review and evaluate the risk of the practitioners and monitoring the performance under the supervision of the responsible director. We usually arrange the management meeting to review the performance and appropriateness of the risk management process. Management of the company also considers and reviews the Company's compliance to ensure the effectiveness and suitability of the risk management system. The internal audit department is responsible for monitoring each department's operations. As a check credit risk control by the relevant authorities approval and set the repayment period before selling products to customers. To prevent the risk that may occur from customers who do not pay the debt and have a system to check accounts receivable. Based on these measures, the Company has an appropriate internal control and risk management system efficiency.

2.2 Risk factors for the company's business operations

2.2.1 Business Risks

Risk related to the large competitors and new competitors

Presently, many main competitors for motorcycle and bicycle tire and tube do exist. It is important to concern on the new entry of other competitors depending on the expected surging demand. However, the new comers are lack of capital, technology, human resources, and marketing and trademark to be recognized, which reduced the likelihood of new entry of competitors. Also, the long- term establishment can be beneficial to the existing players, which created so-called barrier of entry. At the present, although the low-cost product from China breaks into the market, the company still keeps focusing on the product quality and production standard to earn acceptances from customers.

In relation to potential international competitors, with the umbrella of HFR, incorporated in Taiwan for a period of time coupled with being the producer and distributors in many countries, HFT can automatically enhanced the distribution channel, which sustain the competitive edge worldwide. However, the company has faced the pricing issue which is deemed to be higher than sale price quoted by other competitors, particularly Chinese rivals having their competitive edges in terms of production cost. The generally higher selling price stemmed from the higher price from main raw materials i.e. nylon, synthetic rubber and chemical, most of which had been procured from China since the merchandized items from China are cheaper than those in other sources together with the reasons from fewer suppliers. Nonetheless, since the company has changed its stance to review and hike the selling price in tandem with higher cost pressure, which may adversely impact on the company's competitive advantage. However, with the globally recognized standard, the company is confident that its selling point in terms of quality is still second to none, thus helping retain the customer base.

Risk factors of competition among company groups

Since groups of company are in the same industry, the parent company therefore requires establishing the inter-company policy to separate the products and marketing in transparent manner. In addition, the company requires monitoring the affiliate companies to ensure the compliance as set out in the guide line. Currently our company has got a lot of the major and minor customers who are interested in our Thailand factory product. But the company must trace back or check with the mother company if we may have the parallel export in to the same market which will cause the competition conflict in the group company. The segregation of the market hinges on the unique competitive advantage depending on the location, import duties, type of products and price in order to balance the companies under the group with each respective customer and avoid any cannibalization.

Risks related to the competition from Sumitomo Rubber

For Sumitomo Rubber as HFR's majority shareholder, with expertise in the manufacturing of the motorcycle tire and tube and as long-term business alliance with the company, Sumitomo Rubber has therefore act as business partner rather than the competitor. Currently, the motorcycle tires produced from the company are unique to those from Sumitomo Rubber which were produced in other factories. Hence, it is difficult to compete within the same market coupled with the long-term established relationship. For the company's point of view, the company has consistently received the strong support from Sumitomo Rubber to develop the products under "Dunlop" licensed with Sumitomo Rubber and the company can therefore exploit such know-how to indirectly improve other products under the group.

Risk associated with Foreign Exchange Rate**- Risk from Trading**

The revenue attributable from export accounted for 70.18% in 2019 and 69.24% in 2020 respectively. The main trading currencies include USD dollar and Euro. Therefore, the exchange rate fluctuation is still the major factor which causes the impact to the company financial status. However, the company must monitor situation of the Baht per foreign rate closely in order to be able to estimate and fix the currency exchange losses in time. The company endeavored to match the same currency with assets and liabilities to ensure the natural hedge with USD which can in some extent reduce the foreign exchange risk.

Risk related to the uncertainty in price of product and raw material accordance with world price

The price of raw materials including natural rubber Synthetic rubber, carbon black powder and other chemicals also showed an increase compared to last year. This is caused by a variety of factors, such as power shortages. Crude oil and natural gas prices have risen. Environmental control measures and restrictions on electricity consumption in China Shortage of shipping containers and rising international shipping costs

However, the Company has managed the risk by procuring additional sources of raw materials. In addition, new raw materials are continually procuring to replace them. to control production costs and prevent raw material shortages

Risk from the deficiency machinery

With the 2-shift operation, the production might be disrupted if the malfunction of machinery and equipment occurs. For this reason, the company usually sets the inspection systems and the yearly maintenance program, as well as the monthly maintenance plan and daily inspection before running to ameliorate the machine to be in place. As a matter of fact, the company prepare for the large maintenance program twice a year by means of holiday event such as Songkran and New Year period which has not affect the production.

2.2.2 Risks to securities holders' investments**Risk related to the HFT's independent management policy**

HFR, which it is parent company, holds the stake of 50.42% of total Paid-up shares. As a result of this, HFR can control a supermajority vote of shareholders meeting. However, the parent company as known as HFR has no policy to manipulate HFT's policy but rather support in many ways such as recommendation HFT to new foreign customers. In the process of raw material purchase, HFT is free to buy any suppliers who provide the fair price. Currently, the raw material purchased from HFR accounts for only 1.08% of total raw material purchase in 2020. However, it shows that the parent company has conducted the policy and divided segment of customer clearly. In addition, HFR, parent company is also listed Taiwanese company and is obliged to comply with the relevant rules and regulations.

Risk from reliance on the management of the parent company

The company is the affiliated company of Hwa Fong Rubber Industries which is the parent company in Taiwan and hold 50.42% of company's share. The company is tire and tube manufacture under brand name "DURO", "Q-UICK" "PREMIUM HFT" and "DUNLOP", it has created the identical quality and standard among groups for a period of time. The companies amongst its group have adopted the mutual technology support whereas the marketing policy and price determination are agreed upon the HFT and its parent company. Since the policy must be adhere from the parent company, the possible risk is related to HFR's existing shareholders, if any changes in shareholder structure take place, in turn triggering the significant change in the policy. Anyhow, the parent company policy remains the same, advocating the international marketing to the affiliated companies obviously in order to strengthen the international marketing in overalls and protect the intervention of the affiliated companies.

For Sumitomo Rubber, another HFR's majority shareholder, holding 10.18% stake, it can be seen as one of main shareholders to generate the adverse impact if they are to pull out from HFR and HFT since some of revenue stream stemmed from the brand "Dunlop" and its technology support. However, Sumitomo Rubber has an intimate business relationship with HFR and HFT for a long time.

In the case of no cooperation from majority shareholders mentioned above, HFT can ensure the Era of Success, evidenced by the increase in domestic sales continued. In addition, the long-term relationship amongst groups including HFT, parent company and Sumitomo Rubber will ensure the long commitment.

2.2.3 Risks to Foreign Securities Investment

-None –

3. Sustainable business operations

3.1 Sustainability Management Policies and Goals

➤ Social and Environmental Policy

The Company is committed to conducting business as good corporate governance. The company's sustainable growth coupled with society. Therefore, recognizing the importance of conducting business responsibly is acceptable to all concerned sectors. Including taking into account the interests of all stakeholder groups. The Company's directors, management and employees to promote with confidence and awareness to occur at all levels. To be in the same direction, the Company has established policies, social responsibility and environmental follows;

1. To conduct business with transparency and accountability. The company Committed to sustainable business growth coupled care environment and the community by social assistance willingly as well as the interests of all stakeholders.
2. The Company will improve manufacturing processes to reduce impact to the environmental.
3. To labor practices, the Company's governance wage to a level appropriate to industry, Including laws and regulations on occupational health and safety for employees

In 2021, the Company has reviewed its social and environmental responsibility policy. which did not change the aforementioned material

The company supports the social activities that give raise the benefit to the community in order to build the long-term relationship with those in community. In terms of the environment, the company has set up the committee of safety and environmental for society and environment.

In 2021, the company has promoted social activities continued. For the common good and in the future, the company will continue its policy of corporate social responsibility in the years follow the guidelines. "Corporate Social Responsibility" Prepared by the Stock Exchange of Thailand, which the Company has made the following social activities as following;

1. Fair business conduct
2. Anti-corruption
3. Human rights respect
4. Equitable treatment of labours
5. Accountability to customers
6. Support environmental responsibilities
7. Community and social development
8. Innovation and its promotion from socially responsible operations, Environment and Stakeholder

Participating and supporting activities in 2021 are as follows;

Donations and Supplies to Sosa Children's Foundation of Thailand

The company supports money and consumer goods for the Sosa Children's Foundation of Thailand. It aims to make the importance of children and young people. It creates more learning opportunities for disadvantaged youth groups as well as promotes equal social life values. By the Company Expect this event to benefit children and young people.



Donation activities for Ruamkatanyu Foundation

The Company supports the work of Ruamkatanyu Foundation 's staff to promote social operation.



Motorcycle Tire Support Activities for Bangpoo Police Station

The company supports a total of 30 DURO front and rear wheel motorcycle tires to Bangpoo Police Station in Samut Prakan province for use in government work for crime prevention and suppression work, including public service.



➤ **Conducting business with fairness**

The Company recognizes that its business with integrity and honesty by adhering to social responsibility and stakeholder follow good corporate governance to ensure. The policy of company forresponsibility practices and the requirement to the appropriate action.

By paying attention to all of stakeholder, whether they are customers, competitor employees and directors of companies to be fair and equitable. Such as the product to customers will be responsibility for both the quality of the product, to be providing after-sales service and customer confidentiality and compliance with the rules of the competition as well.

1. Shareholders and investors.

The company is committed to operating its business in order to build customer satisfaction and maximum benefit to our shareholders and investors, by the policy to support the rights in recognition of information transparent and reliable

2. Employees

The company has made a significant and pay great attention to the employees and to treat employees fairly, in terms of welfare benefit, health, environment and safety in the workplace. According to the policy of developing employees to specialize and can be adapted to work more efficiently.

3. Customer

The company focuses on producing quality and standards to customers. According to the policy that "Quality are first, the customer satisfaction are most important" By the preparation of a survey of customer satisfaction in order to improve quality and provide the best service. We strive to develop products, machine, employees and transportation. Research to improve the quality of the production. The Company conducts business with integrity and also featured heavily on the confidentiality of each customer by the ethics of the business for a good relationship between the company and customers, to achieve a long and lasting.

4. Partners or creditors

The Company has operating with partners or creditors fairly and equally, by the terms and conditions of words and taking into account the interests of the Company. By suppliers or creditors will receive the payment or products by the agreement on time and be treated equally in all cases. The Company is not in default of payment or reject without reason.

➤ **The Anti-Corruption**

To conduct the business with transparency and strive to prevent corruption in every shape and form, the company has established anti-corruption measures to ensure that the business with fairness, the social responsibility, and stakeholder, having the impact from corruption risk, are examined cautiously. These measures are used as the practical guideline with the aim for transparency transactions and the development of corporate sustainability.

➤ **Human Rights Respect**

Company has conducted the policy and operated under the law and the principle of labor practice, corresponding to human right with employee, community and other involved person, with respect to human rights, equality and liberty, regardless of invading fundamental rights and racism, as well as discrimination of religion, language, gender, education, social status and physically conditions such as childhood labor or sexual harassment.

➤ **Equitable Treatment of Labors**

Company has managed its business with Corporate Governance Code (CG Code) which accordingly with an act of labor, employment and employment relationship: following the law of employment, no limitation of gender, age, nationality, religion and education for employment. The company has realized in equality and liberty, environment and safety in workplace, especially in encouragement of employee's participation in safety and environment in workplace, by conducted the rules of safety, safety work instruction, Safety Week activity and safety training for new employee, including providing standard safety equipment appropriately for employee and establishment of Welfare Committee, by basic democratic concept and participated management system, for being representative of employee in order to consider a better way to improve welfare and working environment with company's representative, in purpose of encouragement of employment relationship, raising motivation in work and increasing efficacy.

➤ **Accountability to Customers**

Company's major business is to product and distribute tube and tire of bicycle, motorcycle and small truck such as cart, forklift, trailer, golf car and motocross. In production process of these products, company has emphasized on safety of customer as the first consideration of condition, as in the way of road seizure, moving in a circular path and direction control accurately and simply, in every condition of road as slippery, dry or wet, by designing tire patterns which contain the qualification of watersplitting for save ride. Moreover, company has invented new compounds which free from Polycyclic Aromatic Hydrocarbon (PAHs) in production process, which it is a low immediate toxic and named as cancer distributed chemical, therefore, company has designed to use PAHs free chemical in production as the same as new European standard for tire.

➤ **Decrease The Number of Accident in Workplace**

Company aware of safety in workplace and set safety target to decrease the number of accident in workplace as zero (called as Zero Accident) for each department and provide safety activities such as rewarding to employee who participate in survey of risky or dangerous point at workplace and manage to inform the company for improvement. This is to emphasize the employee to aware of safety in workplace.

➤ **The Community Relations**

Company has provided products to government organization for use in management as keep the peace of Bangpoo Industrial Estate area and nearby

➤ **Energy Saving Project**

1. Energy Conservation Group Establishment Policy

Hwafong Rubber (Thailand) Public Company Limited recognizes the importance of using energy resources efficiently, so it is focused on providing energy conservation practices to employees within the organization to keep all employees engaged in the operation. Energy conservation and action in the same direction towards the company's spending reduction goals.

2. Principle

To follow the policy of decreasing energy consumption and in the needed quantity for most advantages, by divided into electrical energy and thermos power, company has managed to train employee for more understanding and building conscience about saving energy, analysis and instruction for energy consumption.

3.2 Impact Management on stakeholders in the value chain of business

3.2.1 Business Value Chain

(1) Raw material procurement

The Company has a policy for employees to treat their business partners, and or all creditors with fairness and honesty, taking into account the best interests of the Company on the basis of obtaining fair returns for both parties. Avoid situations that create conflicts of interest. Negotiations are based on business relationships, including competitors with the following guidelines:

1.1 There is a process for selecting partners. By recruiting more than one transparent partner (unless they are the sole representative material or raw material) for comparison before making a decision, provide equal information to partners and select business partners fairly under the criteria for evaluating and selecting business partners of the Company with a suitable contract format and fair to all parties to the contract.

1.2 Comply with commercial terms and contracts made strictly together in the event that any conditions cannot be complied with. Must notify business partners and/or creditors in advance to jointly consider a solution to the problem and to maintain a relationship that will bring long-term benefits to both parties.

1.3 Do not claim, receive or provide any dishonest interest in trading with trading partners and or creditors.

1.4 The Company treats creditors as their most important counterparties. Therefore, it is committed to complying with all obligations under contracts with creditors, as well as making payments on a timely basis.

In the case of competitors, the company will operate with transparency under fair competition, provide assistance and exchange information that is beneficial to business operations without disclosing secrets or knowing competitors' trade secrets through illegal means including avoiding dishonest methods to destroy competitors.

(2) Product Manufacturing & Development

Producing and developing quality products to meet the needs of customers.

(3) Domestic shipping and distribution

The Company manufactures products under production standards and maintains products in proper storage space for delivery to customers.

➤ Domestic shipping and distribution.

1. Shipping by the company

2. The company has recruited transportation services from partners who have experience and expertise.

3. Operate under efficient transportation management to ensure that the company's products will be delivered to the customer correctly and still maintain the standard of the product

4. Distributing products to consumers through distribution channels through stores that have been partners for a long time.

➤ Shipping and distribution to international customers

1. The Company has recruited transportation services from experienced and skilled partners.
2. Operate under the efficient transportation management to ensure that the company's products are delivered to customers correctly and maintain the standard of the product.
3. Distribute products to consumers through long-standing merchant distribution channels.

(4) Marketing & Distribution

1. Distributed to motorcycle dealerships / motorcycle repair centers
2. Distributed to motorcycle parts stores
3. Marketing, Public Relations via social media
4. Organize sales promotions with responsibly

(5) After-sales service

1. Product quality assurance according to product standards
2. Use data and recommendations from consumers to analyze and implement developments to respond to market demands. Along with taking action to reduce environmental impact for sustainability

3.2.2 Analysis of stakeholders in the value chain of the business

Stakeholder Groups	Stakeholder Expectations	Meeting stakeholder expectations
shareholder	1. Good Corporate Governance	1. Establish good corporate governance and compliance policies
	2. Operational transparency	2. Listen to the opinions of shareholders to formulate the company's strategy and operations.
	3. Business Growth	3. Manage your business to grow Under transparency
employee	1. Skill development	1. Training, knowledge, appropriate skills and development of employee potential
	2. Having a good working environment	1. Development of security management System Occupational Health and Work Environment 2. Encouraging the implementation of labor standards and good labor practices

Stakeholder Groups	Stakeholder Expectations	Meeting stakeholder expectations
customer	1. Quality products, reasonable price	1. Understand the needs and expectations of customers, apply them in the development of products and services. □
Partners	1. Be able to do business together, be a good partner	1. Acknowledge problems and total needs to formulate common solutions.
Communities around the business	1. Engagement creation	1. Listening to feedback from surrounding communities to lead Let's develop and improve coexistence
	2. Good environmental management	1. Energy Conservation Action 2. Industrial waste and solid waste Management The right way.
Public Sector	1. Compliance with the laws and requirements of the relevant authorities	1. Cooperate and take any action requested by government agencies.
Competitor	1. Fair Competition	1. Conduct business with transparency Take no action that violates rights.
mass media	1. Improving the image of the organization	1. Accurate communication of information through all communication channels.
Wider Society	1. . Providing educational opportunities	1. Implementing educational support programs to create good people in society - Scholarships and vocational training for interns - Scholarships for children of employees

3.3 Sustainability Management in Environmental Dimensions

3.3.1 Environmental Policies and Guidelines

Reducing greenhouse gas emissions

In 2021, the Company has conducted Carbon Footprint for Organization assessment activities to lead to the determination of management guidelines. To reduce greenhouse gas emissions arising from activities within the organization effectively, both within the organization to the organization level. The Company has set a policy to reduce greenhouse gas emissions as a guideline for its operations as follows:

1. Determine plans and goals for reducing greenhouse gas emissions and will communicate to all employees to understand to ensure cooperation in the implementation of the measures set correctly
2. Reducing greenhouse gas emissions is the responsibility of all executives and employees of the Company, which all levels must cooperate in complying with the measures set by the company as well as monitoring and reporting to the Greenhouse Gas Reduction Committee.
3. Give promotion and supporting matters that are necessary and appropriate including personnel resources budget for training work and participation of employees in presenting their ideas for the development of work on reducing greenhouse gas emissions.
4. Policies, plans and goals for reducing greenhouse gas emissions Management and the Greenhouse Gas Management Committee will review and evaluate each year

Managing to reduce greenhouse gases

The company focuses on managing the greenhouse gas problem. It was found that the activities of the business with the highest amount of greenhouse gas emissions were thermal energy and electric power. The company has a continuous energy conservation plan. Factory 1 has changed the heat energy source from the steam generation within the factory. Switch to buying steam from the power plant instead. As a result, greenhouse gas emissions are reduced. And there is a plan to install a solar cell rooftop system in 2022.

3.3.2 Environmental Performance

The company attaches great importance to management to reduce greenhouse gas problems. It was found that the activities of the business with the highest amount of greenhouse gas emissions were the use of electricity from rubber mixers, and fuel consumption from corporate vehicles. The company therefore has measures to continuously maintain the rubber mixer according to the energy conservation plan.

In 2021, the company had direct and indirect greenhouse gas emissions of 66,927 tonCo₂-eq, a decrease of 64,116 tonCo₂-eq per year or a 4.2% decrease, audited by the Greenhouse Gas Management Organization. (Public Organization) (Thailand Greenhouse Gas Management Organization))

3.4 Sustainability Management in Social Dimensions

3.4.1 Social Policies and Practices

The company realizes the importance of society. by applying social responsibility in management for sustainable business success as well as uphold and comply with the Universal Declaration of Human Rights, with an emphasis on labor practices and respect for human rights with fairness, equality and non-discrimination. both in terms of employment compensation promotion Employee Training and Development without distinction of gender, age, educational institution, race and religion; fair wages to employees; as well as supporting employment for disadvantaged groups, such as the disabled, the elderly, and those who have been released from prison, in order to create opportunities, create careers and stable income.

3.4.2 Social Performance

(1) Employees & Workers

The Company adheres to the principles of human rights from employment to the care of employees and personnel. In order for all employees and personnel to feel that they are connected to the same family as the organization, in 2021 the Company has the following key employee operations:

Employment

Detail	Number of employees (people)	
	male	female
Full-time employee	1,218	937
Disabled employee	15	8
Total	1,233	945

Employee Training

In 2021, the Company organized 3 training courses for employees to enhance their skills and work potential for employees, with an average number of training hours or knowledge development activities for employees of 6 hours per person per year from the target of 6 hours per person per year.

Safety, Occupational Health and Working Environment

In 2021, the company continually improves and optimizes safety operations to reduce the risk of illness, injury or death, and take care of the quality of life of employees or employees appropriately. The important operations are as follows:

The Company continuously strives to operate in the areas of occupational health, safety and good working environment, as well as create a safety culture in the organization under the policy of safety, occupational health and working environment.

1. The company will support the improvement of working environment that is safe and suitable for working, to prevent injury and illness
2. The company will strictly comply with the law and other related requirements.
3. The Company has carried out operations to eliminate hazards and reduce risks. Occupational health and safety continually.
4. The company will provide training, consulting and promoting participation in occupational safety, health and work environment, for employees at all levels.
5. All employees must comply with the rules, regulations and participate in activities organized by the Company by requiring work safety. It is the duty of every employee.

In 2021, the company has measures to prevent accidents as follows:

1. The company has established ISO45001, an occupational health and safety management system. To raise awareness of safety, safe working conditions. Employees are safe and reduce accidents or diseases caused by work.
2. Review the risk assessment at the scene of the accident and analyze it to avoid a repeat of the incident.
3. In the event of an accident, the Safety Committee jointly investigates the accident and provides preventive measures, whether Control at the source (Source), control at the path (Path), control at the person (Receiver)
4. Training to emphasize correct and safe work for employees in order to be aware of the dangers that will occur.
5. Procurement of safety equipment that is standardized and suitable for the job site and potential risks.

Employee engagement

In 2021, the Company plans to develop employee engagement as follows: In 2021, employees voluntarily resigned (Turn over rate) 3.67%, an increase of 0.33% from the previous year.

(2) Customer

The Company continuously develops its products and services to meet the satisfaction of customers with responsibility, honesty and ethics. In 2021, the Company receives more than 80 percent of customer satisfaction with a customer satisfaction level in the 4 dimensions.

(3) Community & Society

The Company operates its business with responsibility to communities and society. Emphasis is placed on reducing environmental impact and avoiding operations that may have a negative impact on the quality of life of communities surrounding the workplace. In 2021, no complaints from communities were found on social issues.

4. Management analysis and description

4.1 Business Performance

Performance of the Company and its subsidiaries in accordance with the financial statements for the year 2021 ended 31 December 2021 are summarized as follows:

➤ Main Income

The company's main income and its subsidiaries had revenue in 2021 amounting to 3,426.80 million baht, consisting of revenue from export sales of 2,557.00 million baht and domestic sales of 869.80million baht, with total revenue increasing from the year 2020, a increase of 761.97 million baht or 28.59 per cent, due to a increase in revenue from bicycle tires in the amount of 551.24 million baht and a increase in revenue from motorcycle tires by 170.36 million baht due to higher market demand.

➤ Other Income

Other income of the company and subsidiary It consists of miscellaneous income, interest income and gains on disposal of assets. The value of 7.76 million baht, mainly from interest received in the amount of 2.37 million baht. Other income of the company decreased from the year 2020 in the amount of 1.79 million baht. However, other income of the company It doesn't have a very important role to have. Impact on overall operating results which accounted for only 0.23% of total revenue in 2021.

➤ Cost of sales and expenses of sales and administration

Cost of sales of the company and its subsidiaries in 2021 amounted to 2,743.85 million baht and in 2020 amounted to 2,043.59 million baht, an increase of 700.26 million baht or 34.27 percent, mainly due to increased sales and the cost of raw materials increased accordingly market demand-supply and higher oil prices. However, companies with close cost management This caused the company's gross profit margin to drop 3.38% from 2020.

The company continues to focus on implementing various measures to reduce production costs, for example Establishment of an energy conservation group to control energy use for maximum benefit. Reduce unnecessary energy consumption and set up a policy to inspect the production process with the reduction of indirect production processes and the development of production formulas for both tire and inner tube types. to develop production potential to increase

Selling and administrative expenses of the company In 2021, the amount was 180.69 million baht and in 2020, the amount was 153.04 million baht, an increase of 27.65 million baht or 18.07 percent, mainly due to the increase in transportation costs and trademark fees in line with the increase in sales.

Overall in 2021, both domestic and export markets have improved. as a result of the epidemic situation of COVID-19 getting better from vaccination including the government's economic stimulus policy resulting in higher market demand The cost of raw materials increased in line with market demand-supply. and oil price However, the company With close expense management, the company has a net profit of 460.88 million baht, an increase of 48.26 million baht from 2020 or 11.70% with a net profit per share of 0.70 baht.

4.2 Financial Status

➤ Asset

The Company's assets were 4,324.25 million baht, an increase from the year 2020 in the amount of 461.27 million baht, due to an increase in inventories. This was due to increased raw material costs and increased product volumes. to support customer orders and increased trade accounts receivable caused by orders from large customers which corresponds to increased sales.

➤ Liquidity

The Company's liabilities were 785.43 million baht, an increase of 175.33 million baht from the year 2020 due to an increase in raw material trade accounts payable.

➤ Equity

The Company's shareholders' equity was 3,538.82 million baht, an increase of 285.94 million baht from the year 2020 due to an increase in unappropriated retained earnings.

4.3 Measures to address the Covid-19 pandemic

The Company continues monitoring and gives precedence to the measure on COVID-19 spreading. The action plans for such a situation, consisting of the change of production capacity, change of manpower, and expense control are effectively implemented conforming to the situation as well as the company has provided vaccines and injection services to employees To build immunity.

➤ **Commercial credit**

The commercial Credit Policy, impose by the company, defines the credit term as 30-90 days and the financial status and payment history will be taken into account. Credit limit determination is depending on the assessment based on the policy. In addition, the product delivery will be restrained in case of late payment by customer.

For some account receivables, the company demands them the collateral in the form of a guarantee or letter of credit. Thus the company can call for the payment in case the partners of the contract breach the agreement. Furthermore, the company concludes the contract of trade credit insurance with the insurance company.

During the year 2021, the Company has considered extending the term of trade credit to some customers affected by COVID-19 and liabilities closely monitored. However, at the end of 2021, the Company has an average collection period was 67.32 days, which conforms to the company's Commercial Credit Policy

Financial Ratios

List	Unit	2019	2020	2021
Liquidity Ratio				
Current ratio	times	3.12	3.77	3.43
Quick ratio	times	2.19	2.74	1.99
Cash flow current ratio	times	0.89	0.97	0.15
Account receivable turnover	times	5.12	4.93	5.35
Average collection period	days	70.33	72.98	67.32
Inventory turnover	times	9.09	8.18	7.93
Average sale (Inventory) period	days	39.59	44.02	45.42
Account payable turnover	times	9.55	7.52	8.05
Average payment period	days	37.72	47.89	44.73
Cash cycle	days	72.21	69.11	68.02
Profitability Ratio				
Gross profit margin	%	18.09	23.31	19.93
Operating profit margin	%	12.60	17.57	14.66
Other profit margin	%	-0.22	1.01	1.72
Cash to profit margin	%	129.09	121.96	18.21
Net profit margin	%	10.14	15.43	13.42
Return on equity	%	9.72	13.31	13.57
Efficiency Ratio				
Return on asset	%	7.99	10.98	11.26
Return on fix asset	%	28.37	35.02	36.09
Total assets turnover	times	0.79	0.71	0.84
Financial Policy Ratio				
Debt to equity ratio	times	0.24	0.19	0.22
Interest coverage ratio	times	103.02	223.87	2,467.21
Commitment coverage ratio (cash basis)	times	2.75	1.18	0.59
Dividend payout ratio	%	34.24	50.27	60.72

5. General information and other important information

5.1 General Information

Name of the Company	:	Hwa Fong Rubber (Thailand) Public Company Limited.
Symbol	:	HFT
Type of Business	:	Manufacture and Distribution of tire tube of bicycle, Motorcycle and Small industrial vehicle and Bicycle
Registered capital	:	658,434,300 Baht consisting of 658,434,300 paid-up shares at par value of Baht 1
Head Office and Main Factory	:	317 Soi 6C Moo 4 Bangpoo Industrial Estate Tombon Praksa, Amphor Muang, Samutprakarn 10280
Second Factory	:	865/1 Moo 4 Soi 11B Bangpoo Industrial Estate Tombon Praksa, Amphor Muang, Samutprakarn 10280
Company Registration	:	0107545000152
Telephone No.	:	0-2709-6580-8
Facsimile No.	:	0-2709-6589, 0-2324-0483
E-MAIL	:	hwafong@duro.co.th
Website	:	www.duro.co.th
Subsidiary company	:	HFT Holding Company Limited. 317 Soi 6C Moo 4 Bangpoo Industrial Estate TombonPraksa, AmphorMuang, Samutprakarn 10280
	:	PT. Hwa Fong Rubber (Indonesia) (Incorporated in Indonesia.)
Securities Registrar	:	Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand Tel: (66 2) 009 900 Fax: (66 2) 009 9991
		SET Contact Center : (66 2) 009 9999 Website: http://www.set.or.th/tsd
		E-mail: SETContactCenter@set.or.th
		Securities staff : Khun Boonrak Muenvichit
Auditors	:	MRS. ANUTAI PHUMSURAKUL Certified Public Account Registration No. 3873
		MR. KRIT CHATCHAWONG Certified Public Account Registration No. 5016
		MR. SA-NGA CHOKENITISAWAT Certified Public Account Registration No. 11251
		PricewaterhouseCoopers ABAS Ltd.
		15th Floor Bangkok City Tower 179 74-80 S Sathorn Rd, Bangkok 10120

5.2 Other important information

5.2.1 Other information that may significantly affect investors' decisions

HFT has entered into Technical Cooperation Agreements with the parent company and with the other companies, with the main purpose of entering into such arrangements being to improve product quality, upgrading of the production process as well as production machinery and equipment. The summary of material contract is set out below;

1. Trademark License Agreement

The contract discusses the right that the Company can use the trademark "DURO" for sale both domestically and internationally

Parties : Hwa fong Rubber Industries Co., Ltd. ("HFR") ☐
 Contract Age : 1 year at the end of the contract, if there is no termination from either party, it will be considered as an extension. Automatic contracts for 1 year at a time ☐
 Fee : The company will be charged a 2% fee for sales of products under the trademark "DURO".

2. Technical Cooperation Agreement

The contract discusses the right for the Company to receive the transfer of production technology from the findings of the parent company, namely factory design. Use of machinery and equipment used in production Production procedures, raw material formulations, personnel training, product development and the use of trademarks for domestic and international distribution.

Parties : Hwa fong Rubber Industries Co., Ltd. ("HFR")
 Contract Age : 1 year at the end of the contract, if there is no termination from either party, it will be considered as an extension. Automatic contracts for 1 year at a time
 Fee : Technical assistance is calculated based on 1% of sales of goods received technical services from the parent company. ☐

3. Trademark License Agreement is a contract between Sumitomo Rubber Industries Ltd. And HFT's parent company, which covers HFR affiliates as well. It was effective since September 24, 2003. Sumitomo Rubber allowed HFT to use its trademark, which currently is "DUNLOP", for production and distribution both domestically and internationally. The company will have to pay a 1.5 - 3% trademark fee on sales of products under the "DUNLOP" trademark.

5.2.1 Restrictions on Foreign Shareholders In the event that the company has a policy to request a resolution of the shareholders' meeting for the offering of shares or issuing a transferable subscription right to shareholders in proportion to their shareholding, without issuing and offering to shareholders that will make the company have duties under foreign law

- None -

5.3 Legal disputes

5.3.1 The case brought by Hwa fong Rubber (Thailand) Public Company Limited to the court.

- Samut Sakhon Provincial Court in Black Case No. 548/2016, the case between Hwa Fong Rubber (Thailand) Co., Ltd., the plaintiff and Yoko Alloy Wheels Co., Ltd., the defendant, Samut Sakhon Provincial Court. There was a judgment ordering the defendant to pay 89,510,286.36 baht (eightynine million five hundred and twelve hundred eighty-six baht thirty-six satang) together with interest at 7.5 percent of the principal amount of 88,169,044.46 baht (eighty-eight million one hundred sixty-nine thousand forty-four baht and forty-six satang) after the date of May 13, 2016 and this case is during the execution
- Samut Sakhon Provincial Court In Black Case No. 557/2016, the case between Hwa Fong Rubber (Thailand) Public Company Limited, the plaintiff and Yoko Alloy Wheels Company Limited, the defendant, Samut Sakhon Provincial Court There was a judgment ordering the defendant to pay 33,742,729.29 baht (thirty-three million seven hundred forty-two thousand, seven hundred twenty-nine baht, twenty-nine satang) together with an interest of 7.5 percent of the principal amount of 33,634,073.27 baht (thirty-three million six hundred thirty-four thousand and seventy-three baht, twenty-seven satang) after the date of May 18, 2016 and this case is in the process of execution
- Samut Sakhon Provincial Court In Black Case No. 696/2016, the case between Hwa Fong Rubber (Thailand) Public Company Limited, the plaintiff and Yoko Alloy Wheels Company Limited, the defendant, Samut Sakhon Provincial Court There was a judgment ordering the defendant to pay 43,963,770.31 baht (forty-three million nine hundred sixty-three thousand seven hundred and seventy baht thirty-one satang) together with interest at 7.5 percent of the principal amount 43,844,396.65 baht (forty-three million eight hundred four Fourteen thousand three hundred ninety-six baht sixtyfive satang) after the date of June 17, 2016 and this case is in the process of execution.
- Samut Sakhon Provincial Court In the Black Case No. 895/ 2016, the case between Hwa Fong Rubber (Thailand) Public Company Limited, the plaintiff and Yoko Alloy Wheels Company Limited, the defendant, Samut Sakhon Provincial Court There was a judgment ordering the defendant to pay 6,745,796.55 baht (six million seven hundred forty-five thousand, seven hundred ninety-six baht, fiftyfive satang) together with an interest of 7.5 percent of the principal amount of 6,701,663.68 baht (six million seven hundred one thousand six one hundred and sixty-three baht, sixty-eight satang) after the date of July 26, 2016 and this case is in the process of execution.
- Samut Sakhon Provincial Court in the Black Case No. K.5/2018, the case between Hwa Fong Rubber (Thailand) Public Company Limited, the plaintiff, Yoko Sales and Distribution Company Limited, the plaintiff, Yoko Alloy V Company Co., Ltd. Defendant, on October 20, 2020, the Supreme Court has issued an order not accepting the Supreme Court of Yoko Sales and Distribution Co., Ltd., the plaintiff. The case is final and is pending the announcement of the auction of the seized assets. Hold

- Samut Sakhon Provincial Court, Civil, Black Case No. Por.331/ 2019, a case between Hwa Fong Rubber (Thailand) Public Company Limited, the plaintiff and Yoko Alloy Wheels Company Limited No. 1, and a group of 4 defendants. (Charge of revocation of the juristic act of registration of machine ownership transfer) Samut Sakhon Provincial Court Make an appointment to hear the results of the criminal case (Criminal Case, Black Case No. 631/2019) on July 18, 2022 at 9:00 a.m.
- Samut Sakhon Provincial Court Criminal Case No. Black No. Orr. 6243/2561 The case between Hwa Fong Rubber (Thailand) Public Company Limited, the plaintiff, Yoko Alloy Wheels Company Limited No. 1, and a total of 4 people, the defendant (Charged with defrauding creditors by manipulating goods) On October 20, 2020, the plaintiff filed an appeal with the court. The case is under consideration by the Court of Appeal.
- Samut Sakhon Provincial Court Criminal Case No. Aor 631/2019, a case between Hwa Fong Rubber (Thailand) Public Company Limited, the plaintiff and Yoko Alloy Wheels Company Limited No. 1, and a total of 4 defendants. (Offence of defrauding creditors by transferring ownership of machinery) On September 28, 2020, Samut Sakhon Provincial Court There was a verdict that the four defendants were guilty of joint embezzlement. Appointment to hear the judgment of the Court of Appeal Region 7 on March 24, 2022.
- Criminal Court, Criminal Case, Black Case No. Or.3255/ 2560, a case between Yoko Alloy Wheels Company Limited No. 1 and a group of 4 people, the plaintiff and Hwa Fong Rubber (Thailand) Public Company Limited No. 1 and 2 people, the defendant, the Criminal Court has scheduled to hear the judgment of the Court of Appeal on June 22, 2021. The Appeal Court has upheld the judgment of the Court of First Instance. (The four plaintiffs' complaints are dismissed) The case is in the process of petitioning. Judgment of the Court of Appeal

5.4 Secondary Market

- None -

Part 2

Corporate Governance

6. The Policy of Corporate Governance

6.1 Overview of Corporate Governance Policies and Practices

6.1.1 Policies and Guidelines relating to the Board of Directors

The Board of Directors has noted the importance of good governance policy and passed a policy, which emphasizes operational transparency and accountability. Regular disclosure to the public and shareholders has been adopted as general practice of the Company. In addition, the Company adopted strict internal audits and controls in recognition of their importance. With regard to risk management, the Company has closely controlled and managed risk while keeping in mind a good relationship and business ethic towards business partners, shareholders and all concerns.

Board of Directors (Sub-Committee)

Board Structure

The company's directors, clearly being determined the roles and responsibility of each, consist of 2 persons, possessing the managerial position, and 6 persons, not possessing the managerial position, including 4 independent directors and Audit committees, to total 12 persons (As shown in the name list of management structure). The Executive Directors are capable of industry knowledge for a long period of time from the parent company located at The Republic of Taiwan. The 4 independent Directors are considered as no conflict of interest and free to express their views and observations in case that the opinion from the Audit Committee is different from the Board of Directors to strike the balance of the Executive Directors. Furthermore, one of the four Audit Committee is competent in financial and accounting background and fully understands the company's business and its respective financial report.

(1) Audit Committee

The Company has appointed an audit committee in 3 years' term, consisting entirely of Independent Directors on 31 December 2021 as follows;

Mr. Hsiao, Chin-Lung	The chairman of Audit Committee
Mrs. Syuan Wen	Audit Committee
Mr. Monsiam Sinworaphan	Audit Committee
Mr. Lin, Cheng-Yung	Audit Committee

All audit committee members has requisite qualification under relevant SET rules and guidelines, The Audit Committee meets and reports to the Board of Directors on following matters:

- To review financial reports before submitting them to the Board of Directors.
- To coordinate with internal auditors on report of internal controls assessments.
- To review transactions that involves conflicts of interests.

- To contemplate the risk management.

(2) Role and Responsibility of the Board of Directors

The Board of Directors is essentially responsible for managing according to Good Corporate Governance Policy with transparency and give the consensus on the significant matters such as quarterly financial statements, yearly financial statements, budgets, connected transaction and sufficiency of the internal control, etc.

In addition, the Board of Director also emphasizes on the importance of efficient operation as well as the risk management taking the best interests of shareholders into consideration.

(3) Leadership and vision

The board of director is eligible to endorse the vision, business goal and mission including the company budget. In addition, the boards of director's duties are to supervise the management team to conduct the business as set out in the company's policy with accountability and integrity to achieve the target. Furthermore, the board of director recognizes the importance of the internal control system and internal audit to ensure the business conducted in productivity and efficient manner including the prudent risk management for the best interests of shareholders.

(4) Business Ethics

The board of director and management team has cultivated the business ethics for every employee to comply with integrity and be responsible to all stakeholders, shareholders and all concerned parties to build the organizational culture in relation to business ethics which are made accountable and recognizable for general public.

(5) Conflict of Interest

The company has given the policy to manage the conflict of interest with caution and transparency of which the transactions are to be proposed to the board of director for consideration. The connected party is not eligible to cast the vote to ensure the fairness and best interests of the company. The company will comply with the rules and regulations set forth by the Stock Exchange of Thailand and disclosure the information with sufficiency, accurateness containing the value of the transaction, the parties involved with further disclosure to be conducted in the annual report

(6) Internal control system and Internal audit

The company has its own functional internal audit department to have duties to examine the business operation and important financial activities to ensure the proper conduct in accordance with the guideline and procedure set forth by the company. The company has established its own internal audit and continuously improved the functionality to ensure that the procedural system is conducted in productivity and efficiency manner with periodical monitoring system. The monitoring system includes the examination of the procedure for implementation. On the contrary, the inspected department will be given the evaluation and recommendation feedback to improve the auditing and monitoring procedure including the modernization of IT system.

➤ **The Board of Director**

As at December 31 , 2021 , the Board of Directors are as follow:

List of Directors	Position <input type="checkbox"/>
1. Mr.Shen,Kuo-Jung	Chairman of the Board of and Managing Director <input type="checkbox"/>
2. Mr.Chuang, Chih-Yao	Director
3. Mr.Chiu, Hsih-Chien	Director
4. Miss Wu, Ping-Yi	Director
5. Mr.Liu, Hsing-Hung	Director
6. Mr.Yen, Ming-Shan	Director
7. Mr.Yen, Ya-Nan	Director
8. Mr.Yen, Chih-Che	Director
9. Mr. Hsiao, Chin-Lung	Independent Director/ Chairman of the Audit Committee
10. Mrs.Syuan Wen	Independent Director/Audit Committee
11. Mr. Monsiam Sinworaphan	Independent Director/Audit Committee
12. Mr. Lin,Cheng-Yung	Independent Director/Audit Committee

Scope of Authority of the Board of Directors

1. To decide on important matters of the Company, determine the mission, objectives. Method The Company's policies include overall operational supervision. Product, customer relationship and responsibility to the Board of Directors
2. Have the power to hire, appoint Dismissed, dismissed, fired. Set wage rates, award pensions, raise salaries, remuneration, bonuses, as well as appoint employer representatives on the Company's Provident Fund Committee regarding all employees of the Company.
3. Have the power to approve and authorize the disbursement period for procurement of assets and services for the benefit of the Company.
4. Have the power to issue orders, regulations, announcements, records to ensure that the operation is in accordance with the company's policies and interests in order to maintain the discipline of work within the organization.
5. Have the power to act and present yourself as a representative of the Company. to third parties in related parties and to Benefits to the Company
6. Approve the appointment of various consultants necessary for the operation.
7. Conduct business related to general administration of the Company.
8. Provide self-assessment of directors annually.

➤ Management Team

As of December 31, 2021, The Management Team are as follow:

Name of Management Team	Position
1. Mr.Shen,Kuo-Jung	Chairman of the Board of managing director
2. Mr.Chuang, Chih-Yao	Deputy General Manager
3. Mr. Chiang-Jung Tsung	Deputy General Manager
4. Miss Radatorn Tanasawapol	Accounting & Finance Manager <input type="checkbox"/>

Scope of Authority of the Managing Director

1. Have the authority to implement the policies of the Board of Directors which are subject to the laws, conditions, regulations and regulations of the Company.
2. Oversee the operation in accordance with the policies assigned by the Board of Directors.
3. Consider proposing, revising, updating. Regulations as appropriate for the Board of Directors for approval
4. For approval of the company's obligations as a borrower, the Managing Director shall act at a value not exceeding 1,100,000,000 Baht if more than 1,100,000,000 Baht is approved by the Board of Directors.
5. Perform other actions as assigned by the Board of Directors.

➤ Audit Committee

The Company has arranged for an independent director/audit committee to oversee the company's operations to meet the standards. Currently, the Audit Committee consists of a board of directors. 4 persons as follows:

Name of Audit Committee	Position
1. Mr. Hsiao, Chin-Lung *	The chairman of Audit Committee
2. Mrs.Syuan Wen	Independent Director/ Audit Committee
3. Mr. Monsiam Sinworaphan	Independent Director/ Audit Committee
4. Mr. Lin,Cheng-Yung	Independent Director/ Audit Committee

* The Audit Committee Member No. 1 has the knowledge and experience to review the company's financial statements.

Scope of Authority of the Audit Committee

The Audit Committee has responsibilities and reports to the Board of Directors as follows:

1. To review the accuracy, completeness, reliability of the company's financial reporting and the sufficiency of such disclosure.

2. To review the adequacy and effectiveness of internal control systems and internal audit functions as well as to perform the independent duties of internal audit and to render the opinion to consider appointment or removal of head of internal audit or other responsible relevant.

3. To review compliance with the Securities and Exchange Act, regulations of the SET and any other relevant laws.

4. To consider, propose appointment and propose compensation for auditor including to attend the meeting with the auditor without having management team at least once a year.

5. To consider compliance with all connected transaction disclosures or conflict of interest disclosures to ensure the appropriateness and best interests of the Company.

6. To report the activities of the audit committee in the company's annual report, which must be signed by the chairman of the audit committee and comprises the follow:

- (a) Opinion on the accurateness and reliabilities of the financial report
- (b) Opinion on the sufficiency of the internal control system.
- (c) Opinion on the compliance with the securities act, SET rules and regulations and other relevant laws.
- (d) Opinion on the suitability of external auditor.
- (e) Opinion on transactions that may have conflicts of interest
- (f) Number of attendance of Audit Committee as well as each respective attendance.
- (g) Opinion or overall observations from the audit committee in compliance with charter's specified duties.
- (h) Other relevant indicating what shareholders and investors should know in accordance with the scope of works and duties and responsibilities assigned by the Board of Director.

7. To perform other duties as assigned by the Board of Directors and approved by the audit committee. The audit committee will be directly supervised by the Board of Director whereas the Board of Director will be responsible for external parties.

Recruitment and Appointment of the Directors and the Management

(1) Independent Director

Holding a position as an independent director of the Company did not pass the nomination committee But the Board of Directors will consider the selection according to the qualification criteria under Section 68 of the Public Limited Companies Act B.E. 2535 and in the relevant notifications of the Securities and Exchange Commission.

(2) Nomination of directors and top executives

Selection of persons to be appointed as directors of the Company did not pass the nomination committee But the Board of Directors will consider the selection according to the qualification criteria under Section 68 of the Public Limited Companies Act B.E. 2535 and in the relevant notifications of the Securities and Exchange Commission. as well as taking into account the experience, knowledge and abilities Then the list of names is presented to the shareholders' meeting for further consideration and appointment.

The Company's rules and regulations for the election of the Board of Directors of the Company Here's how:

- (1) One shareholder is entitled to one vote per share.
- (2) Each shareholder must use all of his votes under (1) to vote for the election of one or more persons to be directors and may not allocate votes to any other shareholders.
- (3) The candidates obtaining the highest numbers of votes shall be appointed directors, until all vacancies are filled. Should be a tie vote, the chairman of the Board of Directors will make the determination.

The Board of Directors has set a schedule of meetings throughout the year in advance. Meetings are usually held every 3 months, with additional meetings as needed. The agenda will be clearly set in advance by the chairman or the committee assigned by the chairman. There will be a meeting invitation letter with the meeting agenda, and supporting documents must be sent at least 7 days in advance for the directors to study the information before attending the meeting.

In 2021, there were 4 meetings of the Board of Directors and 4 audit committees.

Self-assessment of the Board of Directors

The company has established self-assessment for the Board of Directors for the past year in compliance with SET's rule and regulation in which the Board of Directors employs to enhance and improve the efficiency and productivity. For the evaluation result for the period 2021, the overall performance of the Board of Directors is fairly good.

The development of the Directors and Management Team

The company gives support to the Directors and Management Team to take part in the company businessrelevant seminars at the Institute of Directors so as to improve the operational skill and enhance its capacity as well as business vision.

Supervision of operations of subsidiaries companies

- The company has arranged to send a person to be the company's representative to be the executive director of the subsidiary in order to implement the policy in accordance with the objectives of the company, and to maintain interest in investment
- Determining the scope of duties and responsibilities of directors and executives representing the Company in such companies to control or participate in making important policies
- The Company has no agreement with other shareholders to manage the subsidiary. To divide the return in addition to the return in proportion to the normal shareholding.

Supervision of Internal Information

The company has a policy on supervision of usage of internal company information by its executives, staff including their spouses and the minor child for their own benefit. The executives, staff and the spouse and minor child of such person who come to possess internal company information are not permitted to disseminate such internal information on prior to the company announcing its results of operations (financial statements) to public. Such persons are not permitted to buy or sell the securities of the company prior to the company's public disclosure.

Auditing Fee

In 2021, the shareholder meeting, PricewaterhouseCoopers ABAS Ltd. has been authorized and has been granted the remuneration as ;

- (1) Audit fee 2,720,000 Baht

Practice as Good principles Governance in others issue

1. Shareholders Right

The company recognizes the importance of equal rights of all shareholders. The company considers all shareholders as owners of the company regardless of the percentage of shares owned. The company reports to shareholders regularly on progress of operations, it will report through the Stock Exchange of Thailand. The company recognizes that each shareholder is equally important as the owner of the company and therefore realizes every aspect or issue that the shareholder addresses as follows:

1.1 In 2020, the company convened 1 time of the shareholder meeting. On May 11th, 2020 at 10:00 am, the company convened the Annual General Meeting at the address of 317 Moo. 4, Bangpoo Industrial Estate Soi 6C, T. Preaksa, A. Muang Samutprakarn, Samutprakarn. The meeting resolved all proposed agendas in an appropriate order.

1.2 The shareholders were given an advance notification including other supportive documents in sufficient manner prior to the meeting through the company's registrar. The disclosure of shareholders' notification was also conducted through the company's website prior to the meeting

1.3 The company encouraged and offered the shareholders the opportunities to fully express the opinion. In case that the shareholders do not attend the meeting, the shareholders are able to give the proxy to other assignees to attend and vote on their behalves. The company publicizes the proxy form in the company website for shareholders' convenience.

1.4 During the meeting, the chairman offered the shareholders' opportunities to render their own opinion. Before the commencement of the meeting, the chairman announced the number of shareholders who physically attend the meeting and those who gave the proxy including the vote casting manner by counting the dissent shareholders only for convenience. In addition, the company provided the opinion form in case non-approval in every agenda.

2. Equality of Shareholders' Right

The Company recognizes the rights of all shareholders to receive accurate and complete information in sufficient time to enable them to make decisions in shareholders' meetings. Prior to all shareholders' meetings, the Company shall send a

notice convening the meeting, together with an agenda, to the shareholders and include an opinion from the board of directors on each agenda. Such notice will be publicized in the daily newspaper no less than 3 consecutive days and no less than 3 days prior to any such meeting. The notice of shareholder meeting will notify the necessary documents for the meeting, proxy form A for shareholders who are not able to attend a Meeting in person and proxy form B and C please download in the company's website.

About to AGM Meeting, the company will allow the shareholders rights to inspect the operations of the Company on an equal basis, enquire and give opinions and other suggestions. The staffs will be arranged for facilitating all attending shareholders.

6.1.2 Policies and Guidelines relating to Shareholders and Stakeholders

The Company values all stakeholders, including customers, creditors, competitors, and employees and executives of the Company, to be equally fair, such as providing products as promised to customers. Responsible to customers in terms of product quality and after-sales service and customer confidentiality and compliance with competition rules that are good for competitors, etc.

1. Shareholders & Investors

The company is committed to operating its business in order to build customer satisfaction and maximum benefit to our shareholders and investors, by the policy to support the rights in recognition of information transparent and reliable

2. Employees

The company has made a significant and pay great attention to the employees and to treat employees fairly, in terms of welfare benefit, health, environment and safety in the workplace as follows:

- **The welfare**

The company recognizes the value of employees. Therefore, we have provided the benefits for the employees as followings:

- Provide the rice for lunch welfare for every employee for free.
- Provide the top-up compensation for employees who do not take leave or be late to encourage the employees and practice the discipline for the employees.
- Provide the provident for employees.
- Provide Funeral welfare benefit and wedding welfare benefit.
- Provide annual health check-up.
- Provide uniform.
- Offer Extra reward for the employees who achieve the target to stimulate the working environment.
- Provide car pool service for the employee for transportation's convenience.
- Organize the promotional activities for the outstanding employees by awarding them on yearly basis.
- Organize Annual travel.
- Start Scholarship program for children of employees.

- **Occupational Health and Safety**

The company has strongly realized in the employees' safety, so we have arranged the rule and compliance for safety control for the employee as followings:

- Provide campaign for clean environment within the office and factory to ensure cleanness and safety in accordance with 5S.
- Provide the nursing home and emergency cars throughout 24 hours for accidental preparation.
- Provide Fire Fighting Training to employee every year.
- Employee who has the risk of accident as well as Engineer the company will provide safety equipment for protection an accident.
- Provide a 5 Patrol security to employees, such as the care and protection of working with dangerous chemicals, suggested the use of personal protective fit for teams that practice is, to prevent harm and accidents. Taking care of yourself while working with such risk factors.
- Training for new employee before starting working or changing their job function.
- To arrange the health checked up according to the risk factor as per the law.
- To arrange the safety week activity for creating the safety mind to the employee as per the company safety policy.
- To set up the Safety Committee for supporting and taking care employee's safety. Also to arrange the random checking the alcohol level of the employee before start daily working trough roughly.
- To arrange the annual working environment checking.

- **Development and course training for Employee**

The company has the policy for human resource development according to their competency as per each section requirement. This is in order to create the competition in the organization in the term of product quality, competitive cost, on time delivery, production engineering knowledge and management as following:

- Provide training to the employees every Monday morning to be communication protocol and understanding the employees' need as well as strengthen the employees' knowledge.
- Sent the employee to training as related field and by necessity such as Training with the Stock Exchange of Thailand, Government office, Language Education with Language Institute and Department of Skill Development for development working skill of employee.
- Sent the employee to training as related field and by necessity such as Training with the Stock Exchange of Thailand, Government office, Language Education with Language Institute and Department of Skill Development for development working skill of employee.
 1. Safety Training for Management Level.
 2. Safety Training for Head of Staff Level.
 3. 16949 : 2016 Requirement and ISO/TS 16949 Evaluation
 4. Why – Why Analysis, how to fix problem at hands.
 5. How to Teach and Train, Creation of Mentor system.
 6. Training on how to be conscious about saving energies.

3. Customers

The company recognizes the importance to manufacture the quality product to meet the customer's requirement since the Company's policy is quality comes first and customers' satisfaction matters the most. The company organizes the customer satisfactory survey form so as to after reviewing the outcome of the survey improve the quality of product and service. We determine to develop our products, machinery, employees and logistics system including the research & development to improve the quality of products

Furthermore, the Company conducts its business with integrity and places the importance of retaining the confidentiality of each customer to meet the business ethics in order to tighten the good relationship between the company and customers to ensure the sustainability of the business.

4. Suppliers or Creditors

The company complies with the suppliers and creditors in fair manner in accordance with the agreed business arrangement and terms and conditions with best interests of the company to ensure that the suppliers and creditors will be given the fair treatment in payment and receiving merchandise items in accordance with the agreement in timely manner. Every counterparty will be equally treated and the company will not pay overdue or object any payments unless deemed necessary.

5. Competitors

The company conducts its business with ethics and transparency and complies with the rules without the unfair business conduct to ruin the competitors and does not seek for the trade secret in unfair or inappropriate treatment including avoiding the price war and tarnishing the trade competitors' image. Throughout the company's business operation, the company has never experienced any legal disputes with the trade competitors.

6.3 Major changes and developments in policy Guideline and Corporate Governance System in the past year

6.3.1 Major changes and developments regarding policy reviews Guidelines and corporate governance systems or charters of the Board of Directors in the past year

The Company attaches importance to good corporate governance, which is important to help its operations grow sustainably, which will benefit all stakeholders. Shareholders, investors and other stakeholders. As well as employees and executives of the Company so that the company's operations can be transparently monitored. Ethics and ethics in business operations are consistent with the principles of good corporate governance.

6.3.2 Applying Good Corporate Governance Principles for Listed Companies 2017 (CG Code)

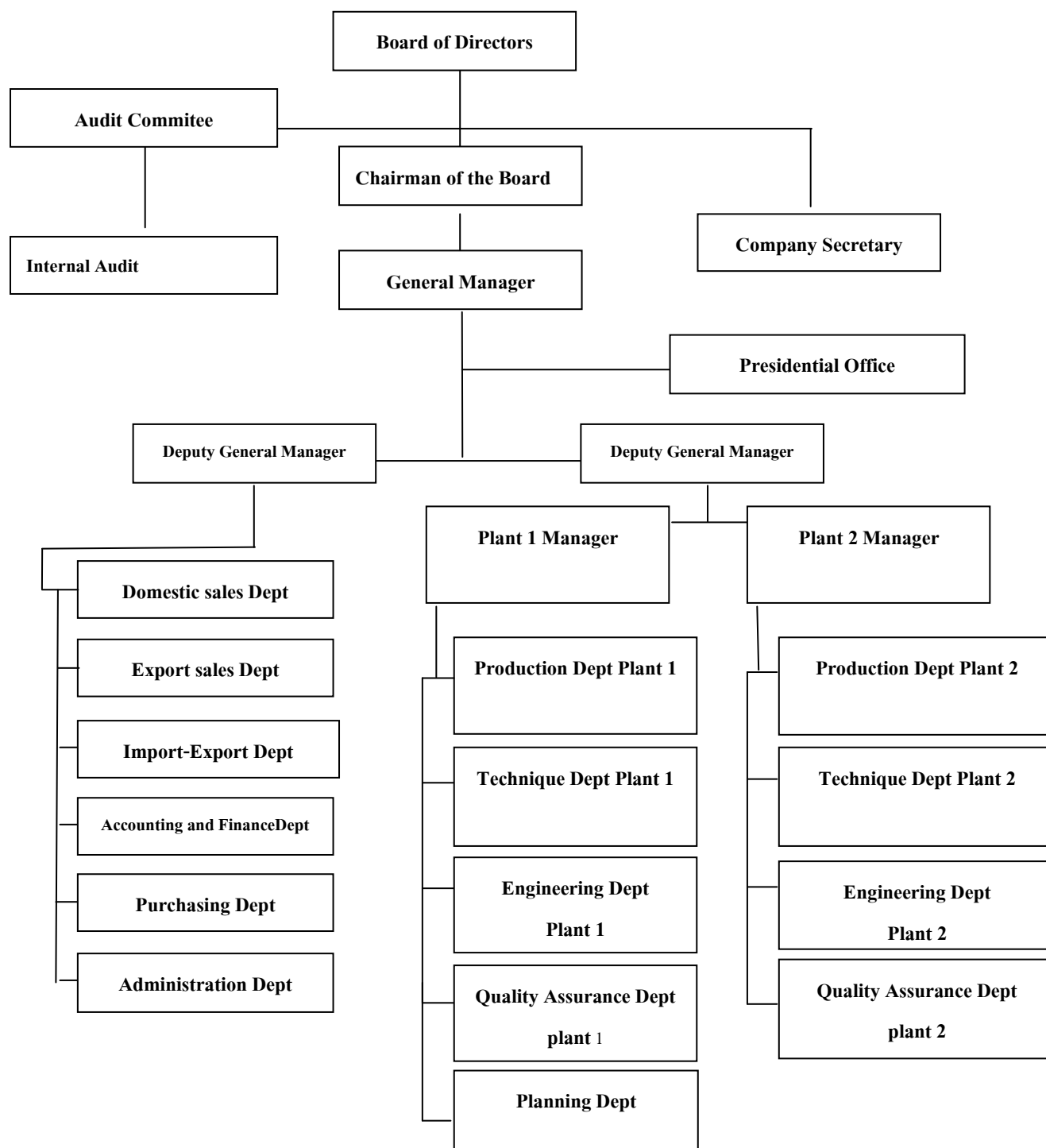
Establishment of the Nomination Committee and the Remuneration Committee However, the Board of Directors takes into account the importance of good corporate governance policy. Appointment of directors even if they have not passed the Nomination Committee and the Remuneration Committee Tap the Board of Directors to consider and select persons who are legally qualified as well as considering their experience, knowledge, and abilities to propose to the shareholders' meeting for consideration and appointment.

7. Corporate Governance Structure and Important Information about the Board of Directors Sub - committees, executives, employees and others

7.1 Management Structure

The management structure of the company consists of the Board of Directors, Audit Committee, and Management team, having the details as below;

Organization Chart



7.2 Information about the Board of Directors

As of December 31, 2021, the Company's directors were 12 members, including:

1. 2 Executive Directors
2. 10 non-executive directors
 - 4 independent directors (accounting for 1 in 3 of the entire board of directors)
 - Directors who are not involved in the administration 6 persons (1 in 2 members of the entire board of directors)

7.2.1 Composition of the Board of Directors

The Board of Directors consists of 2 executive directors, 6 non-executive directors, of which the Board of Directors and the Company's executives have clearly separated the powers and duties Independent Directors and Audit Committee 4 persons, totaling 12 persons. The Board of Directors, who are the Company's executives, are knowledgeable and competent in the business for a long time. From the parent company in the Republic of China, Taiwan the other 4 Audit Committee members are free to express their opinions. and noted in case the opinion of the Audit Committee differs from the opinion of the Board of Directors to counterbalance the executive directors Another quarter of the Audit Committee members are knowledgeable, competent, and proficient in accounting sufficient to be able to review financial statements.

7.2.2 Information of the Board of Directors and Controlling Persons of the Company

Board of Directors

List of Directors	Position
1. Mr.Shen,Kuo-Jung	Chairman of the Board of and Managing Director
2. Mr.Chuang, Chih-Yao	Director
3. Mr.Chiu, Hsih-Chien	Director
4. Miss Wu, Ping-Yi	Director
5. Mr.Liu, Hsing-Hung	Director
6. Mr.Yen, Ming-Shan	Director
7. Mr.Yen, Ya-Nan	Director
8. Mr.Yen, Chih-Che	Director
9. Mr. Hsiao, Chin-Lung	Independent Director/ Chairman of the Audit Committee
10. Mrs.Syuan Wen	Independent Director/Audit Committee
11. Mr. Monsiam Sinworaphan	Independent Director/Audit Committee
12. Mr. Lin,Cheng-Yung	Independent Director/Audit Committee

* Directors no. 1 and 2 are authorized directors to sign binding the company.

7.2.3 Roles and Duties of the Board of Directors

The Board of Directors plays an important role in managing the business in accordance with the good corporate governance policy. Be transparent and agree on important matters such as quarterly financial statements Annual financial statements, budget, connected transactions the adequacy of internal control, etc. In addition, the Board also places importance on effective implementation. as well as risk management taking into account all stakeholders

The scope of work and responsibilities of the Board of Directors

1. Responsible for making important or critical decisions on behalf of the Company, and give work assignments, objectives, guidelines and directional indicators as well as draw up the company's policies, including overall supervision of the business operations, production and performance, customer relations and be directly responsible to the Board of Directors.
2. Authorized and empowered to hire, appoint, discharge, force retirement and expulsion, setting the wage and salary scales, wage and salary adjustments / increases, granting bonuses and other financial rewards and incentives, including the appointment of representative(s) to represent the Employer in the company's Provisional Welfare Fund management committee, which involves all company employees.
3. Authorized to approve and transfer the power of attorney or the granting of authorization to a legal representative for the purpose of hire and procurement of assets and services for the interest and benefits of the company.
4. Empowered to issue orders, regulations, announcements and memorandums in order to ensure that the business operations and work assignments are carried out in strict compliance to instructions for the interest and benefit of the company, and in order to observe the rules and regulations within the organization.
5. Authorized to act in the capacity of the company's representative in dealing with outside persons in businesses and activities which are beneficial to the Company.
6. Grant approval for the appointment of advisors in various fields which are necessary for operating the business or for implementation of the work assignments.
7. Engage in managerial works which are involved with the general operations of the company.
8. Annual self-estimation of directors.

7.3 Information about the Sub-Committee

7.3.1 Structure and composition of sub-committees

Audit Committee

The company has established the independent director and Audit Committee to supervise and monitor the company's internal operation to be in standardization. Present, the Audit Committee, comprising of 4 directors are as follows:

Name of Audit Committee	Position
1. Mr. Hsiao, Chin-Lung *	The chairman of Audit Committee
2. Mrs.Syuan Wen	Independent Director/ Audit Committee
3. Mr. Monsiam Sinworaphan	Independent Director/ Audit Committee
4. Mr. Lin,Cheng-Yung	Independent Director/ Audit Committee

The scope of work and responsibilities of the Audit Committee

The audit committee has the responsibilities and the obligation to report to the Board of Directors, as follow;

1. review the accuracy, completeness, reliability of the company's financial reporting and the sufficiency of such disclosure.
2. To review the adequacy and effectiveness of internal control systems and internal audit functions as well as to perform the independent duties of internal audit and to render the opinion to consider appointment or removal of head of internal audit or other responsible relevant.
3. To review compliance with the Securities and Exchange Act, regulations of the SET and any other relevant laws.
4. To consider, propose appointment and propose compensation for auditor including to attend the meeting with the auditor without having management team at least once a year.
5. To consider compliance with all connected transaction disclosures or conflict of interest disclosures to ensure the appropriateness and best interests of the Company.

6. To report the activities of the audit committee in the company's annual report, which must be signed by the chairman of the audit committee and comprises the follow:

- (a) Opinion on the accurateness and reliabilities of the financial report.
- (b) Opinion on the sufficiency of the internal control system.
- (c) Opinion on the compliance with the securities act, SET rules and regulations and other relevant laws.
- (d) Opinion on the suitability of external auditor.
- (e) Opinion on the connected transactions.
- (f) Number of attendance of Audit Committee as well as each respective attendance.
- (g) Opinion or overall observations from the audit committee in compliance with charter's specified duties.
- (h) Other relevant indicating what shareholders and investors should know in accordance with the scope of works

and duties and responsibilities assigned by the Board of Director.

7. To perform other duties as assigned by the Board of Directors and approved by the audit committee. The audit committee will be directly supervised by the Board of Director whereas the Board of Director will be responsible for external parties.

7.4 Information about the management

7.4.1 Management Team

Names of the management team as at December 31st, 2021

Name of Management Team	Position
1. Mr. Shen, Kuo-Jung	Chairman of the Board of managing director
2. Mr. Chuang, Chih-Yao	Deputy General Manager
3. Mr. Chiang-Jung Tsung	Deputy General Manager
4. Miss Radatorn Tanasawapol	Accounting & Finance Manager

7.4.2 Remuneration Policy for Executive Directors and Executives

The Company's remuneration policy for directors and executives with regard to obligations which have been assigned and the payment of compensation for executives is consistent with the results of operations of the Company and the performance of management.

7.4.3 Executive Director and Executive Remuneration

1) Monetary compensation

(a) Remuneration of Directors and Independent Directors/Audit Committee members include:

1. Exactly approved remuneration including transportation, lodging, air ticket, and other expenses are paid to directors. The directors living in Thailand can receive individually 25,000 Baht per meeting (Twenty-five thousand baht only), excepting that the directors, residing abroad, can receive 40,000 Baht per meeting (Forty thousand Baht only) in case of appearance in the meeting (in the event that VDO conference, 25,000 Baht per meeting is paid to an individual) until further notice has been announced.

2. Annual remuneration 2021

Positions	Annual remuneration
Chairman of the Board	540,000.00 Baht
Directors	300,000.00 Baht
Chairman of the Audit Committee	350,000.00 Baht
Independent Director / Audit Committee	350,000.00 Baht

● **Remuneration of each Director in 2021**

Name	Position	Annual Remuneration	Meeting Allowance	Remark
1. Mr.Shen,Kuo-Jung	Chairman	540,000 baht	100,000 baht	
2. Mr.Chiu, Hsih-Chien	Director	300,000 baht	100,000 baht	
3. Miss Wu, Ping-Yi	Director	300,000 baht	100,000 baht	
4. Mr.Liu, Hsing-Hung	Director	300,000 baht	-	
5. Mr.Yen, Ming-Shan	Director	300,000 baht	100,000 baht	
6. Mr.Yen, Ya-Nan	Director	300,000 baht	100,000 baht	
7. Mr.Yen, Chih-Che	Director	300,000 baht	100,000 baht	
8. Mr.Chuang, Chih-Yao	Director	300,000 baht	100,000 baht	
9. Mr. Hsiao, Chin-Lung	Independent Director/Audit Committee	350,000 baht	100,000 baht	
10. Mrs.Syuan Wen	Independent Director/Audit Committee	350,000 baht	100,000 baht	
11. Mr. Lin,Cheng-Yung	Independent Director/Audit Committee	350,000 baht	100,000 baht	
12. Mr. Monsiam Sinworaphan	Independent Director/Audit Committee	350,000 baht	100,000 baht	

** According to Covid-19 Situation, Director, residing abroad, and no-showing the meeting in Thailand, will be individually paid 25,000 Baht per time (Twenty-five thousand Baht).

(b) Director's remuneration 12 persons of 3 Positions and Management 4 persons as at 31st Dec, 2021, comparing 2019 and 2020 as follows :

Type of remuneration	Director's remuneration 12 persons (Baht)			Management remuneration (Baht)		
	2019	2020	2021	2019 (4 persons)	2020 (4 persons)	2021 (4 person)
salary	-	-	-	4,958,666	5,146,436	5,829,560
Annual Remuneration	4,040,000	3,971,944	4,040,000	-	-	-
Bonus	-	-	-	2,213,084	2,213,054	5,381,812
Meeting Allowance	1,355,000	980,000	1,100,000	-	-	-
Total	5,390,000	4,951,944	5,140,000	7,171,750	7,359,490	11,211,372

Other compensation

- None -

7.5 Information about the employee.

7.5.1 Number of employees

The total number of employees of the Company as of December 31, 2021 totaled 2,172 persons.

- Employee responsible for the quantity production.	1,870	persons
- Office Workers	156	persons
- Supervisor level employee Department Head	127	persons
- Thai Executive Staff	14	persons
- Taiwanese Executive Staff	5	persons
- On average, employees have an average age.	34	years

7.5.2 Significant changes in headcount over the past 3 years

- None -

7.5.3 Major labor disputes over the past 3 years

- None -

7.5.4 Return characteristics and total employee return

The company pays wages as compensation for the work of employees for the year 2021. as follows

- Wages, overtime, diligent allowances, shifts to employees	562,910,318.24	Baht
- Bonus	54,713,335.76	Baht
- Total	617,623,654.00	Baht

In addition, the company There are also other welfare such as provident fund from the company and employees pay monthly contributions to the fund at the rate of 2-4% of their salary, totaling 440,110.25 baht, which is managed by Principal Asset Management Company Limited. Send employees, rice allowance, uniforms, funeral assistance, wedding ceremony, etc. The company has set up a company welfare committee in accordance with the regulations of the Ministry of Labor and Social Welfare, which consists of employers and employees. to consider the welfare of employees in particular

7.5.5 Employee Development Policy

The company attaches great importance to employee development, so that employees have expertise and can be applied to work such as training for new employees Supervisor skills training How to use graphs to control work. The company also encourages employees to gain knowledge and new developments. By sending them to training in related fields both inside and outside the facility in order to apply the knowledge from the training to apply and develop skills to work more efficiently. The company has a policy to develop personnel of the Companies of all levels as follows

1. Training on labor protection law to provide employees with an understanding of rights and duties legally
2. First Aid Training
3. Training and development of production techniques to develop new products
4. Safety training in operations for employees
5. Training in the use of personal protective equipment for employees
6. Organizing public relations boards for employees to stay informed of the company's information.
7. Organize Safety Week events
8. Organize fire evacuation drills
9. Send employees to train with external institutions in their own line of work.

7.6 Other important information

Appointment of Company Secretary

The appointment of the Company Secretary is at the discretion of the Board of Directors to select qualified persons to perform such duties. The Board of Directors' Meeting No. 3/2010 on May 13, 2010 approved the appointment. Mr. Athisit Worachot to serve as Company Secretary effective from May 13, 2010 to present.

Qualifications of the Company Secretary

- Knowledge and understanding of the Company's business, including roles related to the company's secretarial work, and knowledge of the law on public limited companies. Securities and Exchange Act and related regulations, as well as studying, knowledge and information to improve operations on a regular basis.
- Perform duties in accordance with the laws, regulations, regulations of the Company with responsibility, caution. Honesty, commitment. Dedicate and support the Company's operations to achieve its objectives under good corporate governance principles and business ethics.
- Adherence to morality, ethics, taking into account all stakeholders. Do not take any action that will damage the company's reputation and image.
- Not aiming for personal gain from the Company's business opportunities as well as maintaining the Company's confidentiality.
- Good human relations Have the ability to coordinate with departments and agencies both inside and outside the Company.

Scope of Authority of the Company Secretary

- Ensure that the Company Secretary agency is the information center of the organization, such as the registration of juristic persons, memorandums, regulations and licenses.
- Provide basic advice to directors in legal matters. The company's regulations and regulations that the Board of Directors must know and monitor to be properly and consistently followed, including reporting significant changes in legal requirements to directors.
- Hold shareholders' meetings and board meetings in accordance with the law. Company Regulations and Best Practices
- Record minutes of the Shareholders' Meeting and The Board of Directors' meeting, as well as monitor the compliance with the resolutions of the Shareholders' Meeting and the Board of Directors' meeting.
- Prepare and maintain the directors' register Annual Report of the Company Letter of Shareholders' Meeting Letter of Appointment of the Board of Directors minutes

- Maintain the report of interests reported by directors and executives, and prepare copies to the Chairman and Chairman of the Audit Committee within 7 business days from the date of receipt of the report.
- Ensure the disclosure of information and information reports in respect of responsibility to the agencies that direct the company in accordance with the regulations and regulations of the official authorities.
- Contact and communicate with general shareholders to acknowledge the rights of shareholders and the company's news.

Investor Relations

The Company has established an agency to communicate and provide information and activities to shareholders, investors, analysts and the general public by contacting the Company via E-Mail : hwafong@duro.co.th or by calling 02-709-6580 ext. 6.

8. Corporate Governance Performance Report

8.1 Summary of the performance of the Board of Directors in the past year

In 2021, There are 4 Board of Directors' meetings and 4 Audit Committee meetings.

8.1.1 Recruiting, developing and evaluating the performance of the Board of Directors

(1) Independent Director

Holding a position as an independent director of the Company not passed the nomination committee But the Board of Directors will consider the selection according to the qualification criteria under Section 68 of the Public Limited Act B.E. 2535 and in the relevant Notifications of the Securities and Exchange Commission.

(2) Nomination of Directors and Top Executives

Selection of persons to be appointed as directors of the Company not passed the Nomination Committee, but the Board of Directors will be considered and selected according to the qualification criteria in Section 68 of the Public Limited Companies Act B.E. 2535 and in the relevant Notification of the Securities and Exchange Commission. as well as taking into account the experience, knowledge and abilities Then the list of names is presented to the shareholders' meeting for further consideration and appointment.

8.1.2 Attendance and individual board remuneration

(1) Attendance of the Board of Directors

In 2021, a board meeting was held. 4 times and the audit committee 4 times by attending the meeting of the Board of Directors.

Name	Position	Meeting attendance/ number of meetings		Remark
		committee	Audit Committee	
1. Mr.Shen,Kuo-Jung	Chairman of the Board of and Managing Director	4/4	-	
2. Mr.Chiu, Hsih-Chien	Director	4/4	-	
3. Miss Wu, Ping-Yi	Director	4/4	-	
4. Mr.Liu, Hsing-Hung	Director	-	-	
5. Mr.Yen, Ming-Shan	Director	4/4	-	
6. Mr.Yen, Ya-Nan	Director	4/4	-	
7. Mr.Yen, Chih-Che	Director	4/4	-	
8. Mr.Chuang, Chih-Yao	Director	4/4	-	
9. Mr. Hsiao, Chin-Lung	Independent Director/Audit Committee	4/4	4/4	
10. Mrs.Syuan Wen	Independent Director/Audit Committee	4/4	4/4	
11. Mr. Lin,Cheng-Yung	Independent Director/Audit Committee	4/4	1/4	
12. Mr. Monsiam Sinworaphan	Independent Director/Audit Committee	4/4	4/4	

(2) Monetary compensation

At the 2021 Annual General Meeting of Shareholders held on April 23, 2021, there was a resolution to determine the remuneration of directors and independent directors/audit committees in 2021 consisting of:

1. Exactly approved remuneration including transportation, lodging, air ticket, and other expenses are paid to directors. The directors living in Thailand can receive individually 25,000 Baht per meeting (Twenty-five thousand baht only), excepting that the directors, residing abroad, can receive 40,000 Baht per meeting (Forty thousand Baht only) in case of appearance in the meeting (in the event that VDO conference, 25,000 Baht per meeting is paid to an individual) until further notice has been announced.

2. Annual remuneration 2021

Positions	Annual remuneration
Chairman of the Board	540,000.00 Baht
Directors	300,000.00 Baht
Chairman of the Audit Committee	350,000.00 Baht
Independent Director / Audit Committee	350,000.00 Bath

Other forms of compensation

- None -

8.1.3 Corporate Governance of Subsidiaries and Associated Companies

The company has arranged to send a person to be a representative of the company to be the executive director of the subsidiary. To carry out the policy in accordance with the objectives of the Company and to maintain the benefits in the investment

Determining the scope of duties and responsibilities of directors and executives representing the Company in such companies to control or participate in making important policies

The Company does not have agreements with other shareholders to manage the subsidiary. in the distribution of rewards in addition to the normal return on equity

8.1.4 Monitoring compliance with good corporate governance policies and guidelines

The Company attaches importance to good corporate governance by establishing relevant policies and practices in the Company's Corporate Governance Policy and Business Ethics, while reinforcing real practices to build trust with all stakeholders.

The company has followed up to ensure compliance with good corporate governance in 4 other issues as follows:

(1) Prevention of conflicts of interest

The Company has a policy to focus on the management of conflicts of interest of the stakeholders with prudence and transparency. The company will comply with the rules of the Stock Exchange of Thailand, and disclose complete information, transaction value, counterparties

(2) Use of inside information for gains

The company has set a policy to prevent the use of inside information for profit. To prevent the use of information for trading in the Company's securities by allowing directors and executives Including the department that is related to important information, stop trading securities before the announcement of the company's results.

(3) Anti-corruption

To have transparent business operations and to prevent corruption that may occur in the Company's business operations and to ensure fair and socially responsible operations and stakeholders that may have Corruption risks have been carefully considered. The Company has established an anti-corruption policy. To be a clear practice guideline in business operations and develop into a sustainable organization

(4) Whistleblowing

The company has channels to receive information, or clues related to the company's operations The clues can be reported at the internal audit unit. The Audit Committee, which is independent from the management, is considered and the management is responsible for scrutinizing such clues and complaints.

8.2 Report on the performance of the Audit Committee over the past year**8.2.1 Number of audit committee meetings**

In the year 2021, the Audit Committee has convened a total of 4 meetings by the directors to attend the following meetings:

List	Position	Meeting attendance/number of meetings
1. Mr. Hsiao, Chin-Lung	Independent Director/ Chairman of The Audit Committee	4/4
2. Mrs.Syuan Wen	Independent Director/ Audit Committee	4/4
3. Mr. Monsiam Sinworaphan	Independent Director/ Audit Committee	4/4
4. Mr. Lin,Cheng-Yung	Independent Director/ Audit Committee	1/4

8.2.2 Performance of the Audit Committee

(As shown in Attachment 6 Report of the Audit Committee)

9. Internal control and related party transactions

9.1 Internal control

The Company recognized the importance of internal control system and encouraged employee to aware of the role and duties in risk management and IT management. Company has determined the extent of responsibilities of each department and determined the annual target, also clarify to employee to follow and achieve the target.

The Company, meditating in legislation, has developed the company's Internal Audit Manual in order that all business engagements are executed with efficiency and effectiveness. This internal audit manual consists of 8 cycles, of which the contents are provided in writing, in an effort to ensure that the company's internal control system is appropriate and sufficient to defend the maximum interests of the company and shareholders, together with the consideration of fairness to stakeholders. In 2021, the internal audit unit conducts the audit according to the annual plan as follows;

1. Sales and receipt of payment
2. Purchase and payment
3. Production
4. Personnel & human resources management
5. Procurement of investment capital
6. Procurement of fixed assets
7. Procurement of IT management
8. Control and supervision of internal operations

The Company has an internal audit department which is an independent agency responsible for auditing, monitor the performance in the organization. Every procedure of the operation is clear and contain a good system. These results in transparency in operations including the possibility of fraud prevention may occur. In the past year, the fraud is not found. The results of this audit are in accordance with the prescribed procedures. And Internal audit department directly report result of the examination to top management and the Audit Committee to acknowledge, consider, comments and provide recommendations to the management of the Company for further improvement. The Audit Committee has scheduled a meeting with PricewaterhouseCoopers ABAS Ltd., the auditor on a quarterly basis to consider financial statements and review financial statements in accordance with accounting standards. The Company is confident that the internal control systems are appropriate and sufficient.

Opinion from Board of Directors

The Board of Directors comments that the company's Internal Audit System is sufficient and satisfactory and, to a certain extent, is considered suitable, whether it be Organizational internal control, risk assessment and Information and communication systems. The company has set Operational Targets for each department which can be factually achieved, and company performance is consistently monitored and regularly appraised and assessments made, as well as the close monitoring and follow-up of all company business engagements and activities. Moreover, the company establishes an unambiguous organizational structure, aiming for better operational performance and more concisely.

The head of internal audit and supervisor to supervise the company's operation.

The consideration and approval of the appointment, removal, or change position of the head of internal audit will be needed to approve by Independent Directors / Audit Committee. The qualification of The head of internal audit is described in attachment 3.

9.2 Connected Transaction

In 2021 company committed connected transactions with related companies as the following details:

Person or Company	Relationship	Description	Value of Connected Transaction in 2021 (MB)	Pricing Policy	Appropriateness
1. Hwa Fong Rubber Industries Co., Ltd. (HFR)	Major shareholder which is holding as 50.42%	-Product Sale	16.77	Market price or based on agreement price, company set the structure of sale price between company and related companies, considering actual cost adding gross profit margin.	The price can be compared to the market and normal business conditions
		- Raw materials Sale	0.07	Cost plus margin	
		- Raw material purchase	20.99	Cost plus margin	For standard production with normal business conditions
		- Product purchase	-	Cost plus margin	For standard production with normal business conditions
		- Fixed asset purchase	0.38	Cost plus margin (Machinery purchase for production)	For complying the same production technology with normal business conditions
		- Spare parts, materials and other expenses	7.56	Cost plus benefit (Spare parts for machine repairing and miscellaneous for production)	For complying the same production technology with normal business conditions
		- Technical assistance fee	31.17	200,000 USD/Year Technical assistance fee was revised to be 1% of total sales of product receiving the assistance since 1 June 2020	Price based on agreement

Connected Transaction (Continued)

Person or Company	Relationship	Description	Value of Connected Transaction in 2021 (MB)	Pricing Policy	Appropriateness
1. Hwa Fong Rubber Industries Co., Ltd. (HFR) (continued)	Major shareholder which is holding as 50.42%	- Trademark fee	24.66	0.5 % of total amount of sold products The price on the agreement was revised as 2% of total sold products since 1 June 2020	Price based on agreement
		- Trade Account receivables	2.42	Credit 60 days	
		- Account Payable	5.88	Credit 60 days	
		- Other trade creditors	59.36	Credit 60 days and accordance with trade agreement	
2. Hwa Fong Rubber (USA) Co.,Ltd. (HFA)	Affiliated Company (sharing parent company)	- Product sale	62.16	Market price or based on agreement price, company set the structure of sale price between company and related companies, considering actual cost adding gross profit margin.	The price can be compared to the market price and normal business conditions
		- Other Expenses	-	Market price or based on agreement price	The price can be compared to the market price and normal business conditions
		- Trade Account receivables	14.57	Credit 90 days	
		- Other trade creditors	-	Credit 90 days	

Connected Transaction (Continued)

Person or Company	Relationship	Description	Value of Connected Transaction in 2021 (MB)	Pricing Policy	Appropriateness
3. Hwa Fong Rubber (Hong Kong) Co.,Ltd. (HFK)	Affiliated Company (sharing parent company)	- Product sale	0.21	Market price or based on agreement price, company set the structure of sale price between company and related companies, considering actual cost adding gross profit margin.	The price can be compared to the market price and normal business conditions
		- Trade Account receivables	0.04	Credit 60 days	
4. Hwa Fong Rubber (China) Co., Ltd. (HFC)	Affiliated Company (sharing parent company)	- Product sale	-	Market price or based on agreement price, company set the structure of sale price between company and related companies, considering actual cost adding gross profit margin.	The price can be compared to the market price and normal business conditions
		- Fixed Asset Purchase	1.76	Cost plus profit (Machinery purchase for production)	For complying the same production technology and normal business condition
		- Trade Account receivables	-	Credit 90 days	
		- Other trade creditors	1.35	Credit 90 days	
		- Spare parts, materials and other expenses	-	Cost plus benefit (Spare parts for machine repairing and miscellaneous for production)	For complying the same production technology and normal business condition
5. Hwa Fong Rubber (Suzhou) Co., Ltd. (HFZ)	Affiliated Company (sharing parent company)	- Fixed Asset Purchase	-	Cost plus profit (Machinery purchase for production)	For complying the same production technology and normal business condition
		- Trade Account receivables	17.18		

Connected Transaction (Continued)

Person or Company	Relationship	Description	Value of Connected Transaction in 2021 (MB)	Pricing Policy	Appropriateness
6. Sumitomo Rubber Industries Co., Ltd.	Related company which is holding the shares in parent company (HFR) as 10.18%	- Product Sell	79.47	Market price or based on agreement price, company set the structure of sale price between company and related companies, considering actual cost adding gross profit margin.	The price can be compared to the market price and normal business conditions
		- Trade Account receivables	5.73	Credit 30 days	
		- Trademark fee	1.88	1.5 - 3% of the total amount of sold product	Price is based on agreement
		- Raw material purchase and other expenses	-	Cost plus benefit (Spare parts for machine repairing and miscellaneous for production)	For complying the same production technology and normal business condition
		- Other trade creditors	0.86	Credit 60 days and based on trade agreement	
7. HFT Holding Co., Ltd.	The company is holding the shares as 99.99% (A subsidiary company)	- Short term real estate rent	0.12	Price is based on agreement	According to the price in an agreement
		- Other expenses	0.10	Market price or based on agreement price	The price can be compared to the market price and normal business conditions
		-Transportation revenue	0.11	Price is based on agreement	According to the price in an agreement
		- Other receivables	0.04	Credit 30 days	
		- Other trade creditors	0.01	Credit 30 days	
8. Hwa Fong Rubber Indonesia Co., LTD	The company is holding the shares as 99%(A subsidiary company)	- Other receivables	0.54		

As shown above, the company distributed the products to affiliated companies as to Hwa Fong Rubber Industries Co. Ltd (HFR) for 0.49%, Hwa Fong Rubber Co. Ltd (USA) for 1.82 %, Hwa Fong Rubber (Hongkong) Co. Ltd (HFK) for 0.01%, and Sumitomo Rubber Industries for 2.33% of total sales. The selling price amongst connected company is based on fair market price or agreement by conducted sale price structure which considering the cost of products combining with gross profit margin.

In relation to the credit term, the company provided the payable period for both parent company and affiliated companies about 30-90 days in accordance with the normal course of business. Regarding to purchase raw materials and machinery from parent company, the company was obliged to pay the management fee adding to the price of raw materials and machine, which it is according to the guidelines of business trading amongst the group, which be controlled and follow by parent company equally. However, the company will purchase raw material and machinery only in case of needed situations and standardization of production amongst the group.

Necessity and Appropriateness of Connected Transactions

The above inter-company transactions were undertaken for the maximum benefit of the company. For instance, in order to control the quality of products as in the conducted standard, it needed to use the same kind of materials or the same identical machinery from parent company, which it helped in decreasing the mistake in production, including emergency needed cases which parent company can help in cutting the duration of purchasing process. In 2021, company purchased some machines from parent company which is contained technical skill in process of purchase and production and required supportive skill from parent company, in purpose of production technology standardization. If problems occur, parent company is able to give an instruction and basically fix the problem. In addition, Taiwan, which is company's origin of purchased machine, is named as one of the top countries in the world which is famous in export machinery in the field of motorcycle and bicycle production, it can verify that Taiwan is accepted in this industry.

Measures or Procedures of Approval of Connected Transaction

The Company has complied with the Securities and Exchange Act. set the company and subsidiary to enter into transactions with directors, executives or related persons, such agreements must be approved by the Board of Directors. or seek approval in principle from the Board of Directors prior to such transactions

Policy and Trend of Connected Transaction

The company expects to continue to engage in existing inter-company transactions carried out in the normal course of business in fair market price basis. In purchase of the raw material, machinery, equipment and spare part via the parent company and affiliate companies, the basis will be cost plus the management fee which will be conducted in two cases, due to the identical standardization amongst the group and the immediate necessity to procure some types of raw material, thus making the company essentially procure through the parent company and affiliate company albeit probably more expensive than direct purchase. In any case, in conducting of connected transactions, the company will comply with the inter-company policy in accordance with normal course of business.

Part 3

Financial Statements

HWA FONG RUBBER (THAILAND) PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2021

Independent Auditor's Report

To the shareholders and the Board of Directors of Hwa Fong Rubber (Thailand) Public Company Limited

My opinion

In my opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Hwa Fong Rubber (Thailand) Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31 December 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p><i>Valuation of trade accounts receivable</i></p> <p>Refer to Note 5.4 'Accounting policies - Trade accounts receivable' and Note 11 'Trade and other receivables (net)' to the consolidated and separate financial statements.</p> <p>As at 31 December 2021, the Group has trade accounts receivable of Baht 892.09 million and loss allowance of Baht 172.09 million. The trade accounts receivable (net) of Baht 720.00 million is 16.65% of the Group's total assets.</p> <p>Assessing the loss allowance requires a degree of estimation and the use of management's judgment. Management assesses the appropriateness of the loss allowance from experience and considers historical payments and credit loss for each group of accounts receivable.</p> <p>The Group expanded its distribution channels by supplying goods directly to small businesses which increased the non-recoverability risk for accounts receivable. In addition, because the value of accounts receivable is material to the total assets and the determination of loss allowance is subject to management's judgment and experience, this could affect the appropriateness of the valuation of accounts receivable. So, I considered this to be a focus area in my audit.</p>	<p>I evaluated the appropriateness of the loss allowance - trade accounts receivable by:</p> <ul style="list-style-type: none"> - Inquiring management about the policy and criteria for assessing the loss allowance - trade accounts receivable. And assessing whether the method selected is appropriate and in accordance with Thai Financial Reporting Standards. - Considering the reasonableness of management's assessment of the adequacy of the loss allowance on overdue individual accounts receivable by retrospectively calculating the average of the past five years of loss rates for each group of trade accounts receivable, as loss rates were significant assumptions used to calculate loss allowance at the reporting date. I also assessed the possibility of recoverable amount and collectability after the reporting date. - Testing the reliability of the accounts receivable aging report initially used in assessing the loss allowance. I did this by sample testing the accuracy of the accounts receivable aging classification of representative invoices. I tested the accuracy recalculating the number of overdue days. - Comparing each trade credit insurance with the trade credit insurance contracts and testing that the loss allowance was set-up based on the trade accounts receivable net credit insurance value. <p>From the procedures above, I found the method and assumption for the loss allowance - trade accounts receivable was reasonable and aligned with the supporting evidence.</p>

Key audit matter	How my audit addressed the key audit matter
<p><i>Valuation of inventories</i></p> <p>Refer to Note 5.5 ‘Accounting policies - Inventories’ and Note 13 ‘Inventories (net)’ to the consolidated and separate financial statements.</p> <p>As at 31 December 2021, the Group has inventories of Baht 988.94 million, allowance for obsolete and defective inventories of Baht 16.50 million and allowance for actual cost in excess of net realisable value of Baht 2.02 million. The inventories (net) of Baht 970.42 million are 22.44% of the Group's total assets.</p> <p>Assessing the allowance for obsolete and defective inventories and allowance for actual cost in excess of net realisable value requires a degree of estimation using management’s judgement and is based on their experience and historical data. The Group set varying allowances for different types of slow-moving inventories. In addition, the management assessed the appropriate level of the allowance by taking into account the historical sales, the present and future economic condition, the aging of inventories and other factors such as kinds and types of inventories that cause slow-moving inventories to deteriorate and become obsolete or actual cost exceed net realisable value, in order to consider an appropriate allowance for each year.</p> <p>I considered this a focus area in my audit, as the amount is significant to the total assets. Also, the allowance for obsolete and defective inventories and allowance for actual cost in excess of net realisable value are subject to management’s judgement and experience, which could affect the appropriateness of the valuation of inventory.</p>	<p>I evaluated the appropriateness of the allowance for obsolete and defective inventories and allowance for actual cost in excess of net realisable value by:</p> <ul style="list-style-type: none"> - Inquiring management about the policy and criteria for assessing the allowance for obsolete and defective inventories and allowance for actual cost in excess of net realisable value. And assessing the consistency of the policy with previous year. - Assessing the reasonableness of the policy about management’s estimated allowance for obsolete and defective inventories based on inventory aging report, historical data including analysis of inventory turnover rates. - Testing the reliability of the inventory aging report used by management in assessing the allowance for obsolete and defective inventories by sample tracing the last movement date in the inventory aging report to the stock card to test whether inventories in the aging report are properly aged. - Testing the mathematical accuracy of the allowance for obsolete and defective inventories. - Compare inventories cost and net realisable value and testing the mathematical accuracy of the allowance for actual cost in excess of net realisable value. - Assessing whether any obsolete and defective inventories were omitted from the detailed analysis in order to test that the allowance for slow-moving inventories in the inventory aging analysis was completely recognised according to the Group’s policy. - Assessing the allowance for obsolete and defective inventories found during the year-end inventory counting observation was appropriately considered. <p>From the procedures above, I consider the assessment criteria of the allowance for obsolete and defective inventories and allowance for actual cost in excess of net realisable value were appropriate.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



Anutai Poomsurakul

Certified Public Accountant (Thailand) No. 3873

Bangkok

25 February 2022

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Financial Position

As at 31 December 2021

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
		Baht	Baht	Baht	Baht
ASSETS					
Current assets					
Cash and cash equivalents	10	672,848,670	946,511,930	581,261,488	863,994,670
Other financial assets measured at amortised cost	12	30,099,271	-	30,099,271	-
Trade and other receivables (net)	11	744,976,763	543,899,103	744,475,774	542,704,338
Inventories (net)	13	970,420,599	534,824,158	968,075,461	530,713,100
Other current assets (net)	14	32,595,764	17,785,095	29,425,303	15,118,123
Total current assets		2,450,941,067	2,043,020,286	2,353,337,297	1,952,530,231
Non-current assets					
Financial asset measured at fair value through other comprehensive income	7, 12	29,625,307	25,088,980		
Investment in subsidiaries (net)	15	-	-	412,255,214	412,255,214
Investment in an associate	16	1,185,090	1,184,963	1,161,000	1,161,000
Investment property	7, 17	238,440,346	217,018,408	-	-
Property, plant and equipment (net)	18	1,563,697,409	1,538,084,852	1,563,697,409	1,538,084,852
Intangible assets (net)	19	1,356,647	1,253,989	1,343,838	1,235,680
Deferred tax assets (net)	20	37,789,295	36,156,800	37,789,295	36,156,800
Other non-current assets		1,214,312	1,169,281	1,067,112	1,035,305
Total non-current assets		1,873,308,406	1,819,957,273	2,017,313,868	1,989,928,851
Total assets		4,324,249,473	3,862,977,559	4,370,651,165	3,942,459,082

The accompanying notes are an integral part of these consolidated and separate financial statements.

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Financial Position

As at 31 December 2021

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
		Baht	Baht	Baht	Baht
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	22	606,459,208	424,625,489	605,757,201	423,518,071
Contract liabilities	23	56,576,728	52,646,422	56,576,728	52,646,422
Current portion of long-term loan from					
a financial institution	21	-	5,754,018	-	5,754,018
Current portion of lease liabilities	21	393,382	368,872	393,382	368,872
Accrued income tax		47,741,096	55,075,917	47,741,096	55,075,917
Other current liabilities		2,722,373	2,845,397	2,721,998	2,844,321
Total current liabilities		713,892,787	541,316,115	713,190,405	540,207,621
Non-current liabilities					
Lease liabilities	21	383,520	776,902	383,520	776,902
Employee benefit obligations	24	71,153,202	68,009,290	71,153,202	68,009,290
Total non-current liabilities		71,536,722	68,786,192	71,536,722	68,786,192
Total liabilities		785,429,509	610,102,307	784,727,127	608,993,813

The accompanying notes are an integral part of these consolidated and separate financial statements.

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Financial Position

As at 31 December 2021

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
		Baht	Baht	Baht	Baht
LIABILITIES AND EQUITY (Cont'd)					
Equity					
Share capital	25				
Authorised share capital					
658,434,300 ordinary shares					
of par Baht 1 each		658,434,300	658,434,300	658,434,300	658,434,300
Issued and paid-up share capital					
658,434,300 ordinary shares					
of par Baht 1 each		658,434,300	658,434,300	658,434,300	658,434,300
Premium on paid-up ordinary shares	25	222,105,000	222,105,000	222,105,000	222,105,000
Surplus on treasury shares	25	7,429,904	7,429,904	7,429,904	7,429,904
Retained earnings					
Appropriated - legal reserve	26	65,843,430	65,843,430	65,843,430	65,843,430
Unappropriated		2,653,506,256	2,400,031,168	2,651,312,973	2,398,854,204
Other components of equity		(68,498,926)	(100,968,550)	(19,201,569)	(19,201,569)
Equity attributable to owners					
of the parent		3,538,819,964	3,252,875,252	3,585,924,038	3,333,465,269
Non-controlling interests		-	-	-	-
Total equity		3,538,819,964	3,252,875,252	3,585,924,038	3,333,465,269
Total liabilities and equity		4,324,249,473	3,862,977,559	4,370,651,165	3,942,459,082

The accompanying notes are an integral part of these consolidated and separate financial statements.

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Comprehensive Income

For the year ended 31 December 2021

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
		Baht	Baht	Baht	Baht
Revenue from sales of goods and services		3,426,803,845	2,664,831,664	3,414,608,457	2,652,848,846
Cost of goods sold and providing services		(2,743,849,184)	(2,043,587,596)	(2,733,003,438)	(2,032,791,681)
Gross profit		682,954,661	621,244,068	681,605,019	620,057,165
Other income	28	7,757,630	9,545,321	7,561,944	9,299,195
Profit before expenses		690,712,291	630,789,389	689,166,963	629,356,360
Selling expenses		(117,717,098)	(104,127,795)	(117,649,444)	(104,066,169)
Administrative expenses		(62,972,229)	(48,907,675)	(61,335,427)	(47,058,072)
Gain on foreign exchange rate (net)		52,500,211	19,854,263	51,324,891	18,968,511
Finance costs		(1,342,997)	(2,506,062)	(1,342,997)	(2,506,062)
Share of profit from investment					
in an associate	16	127	224	-	-
Total expenses		(129,531,986)	(135,687,045)	(129,002,977)	(134,661,792)
Profit before income tax expense		561,180,305	495,102,344	560,163,986	494,694,568
Income tax expense	30	(100,298,412)	(82,481,265)	(100,298,412)	(82,481,265)
Net profit for the year		460,881,893	412,621,079	459,865,574	412,213,303

The accompanying notes are an integral part of these consolidated and separate financial statements.

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Comprehensive Income

For the year ended 31 December 2021

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
		Baht	Baht	Baht	Baht
Other comprehensive income (loss), net of tax:					
Items that will be reclassified					
subsequently to profit or loss					
Currency translation differences		27,933,297	(4,920,239)	-	-
Total items that will be reclassified					
subsequently to profit or loss		27,933,297	(4,920,239)	-	-
Items that will not be reclassified					
subsequently to profit or loss					
Change in value of financial asset					
measured at fair value through					
other comprehensive income	12	4,536,327	(6,843,218)	-	-
Total items that will not be reclassified					
subsequently to profit or loss		4,536,327	(6,843,218)	-	-
Other comprehensive income (loss), net of tax		32,469,624	(11,763,457)	-	-
Total comprehensive income for the year		493,351,517	400,857,622	459,865,574	412,213,303
Profit attributable to:					
Equity holders of the owner's parent		460,881,893	412,621,079	459,865,574	412,213,303
Non-controlling interests		-	-	-	-
		460,881,893	412,621,079	459,865,574	412,213,303
Total comprehensive income					
attributable to:					
Equity holders of the owner's parent		493,351,517	400,857,622	459,865,574	412,213,303
Non-controlling interests		-	-	-	-
		493,351,517	400,857,622	459,865,574	412,213,303
Earnings per share for profit attributable					
to the equity holders of the owners' parent					
Basic earnings per share	31	0.70	0.63	0.70	0.63

The accompanying notes are an integral part of these consolidated and separate financial statements.

Hwa Fong Rubber (Thailand) Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2021

Consolidated financial statements (Baht)													
Attributable to owners of the parent													
Note	Retained earnings					Other components of equity							
	Issued and paid-up share capital	Premium on paid-up ordinary shares	Surplus on treasury shares	Appropriated - legal reserve	Unappropriated	Other comprehensive income (loss)					Measurement of financial asset at fair value through other comprehensive income	Total other components of equity	Total owners of the parent
						Translation differences	Remeasurements of post-employment benefit obligations	Gain(loss) on remeasurement on investments					
Opening balance as at 1 January 2020	658,434,300	222,105,000	7,429,904	65,843,430	2,082,883,063	(60,815,379)	(19,201,569)	-		(9,188,145)	(89,205,093)	2,947,490,604	-
Changes in equity for the year ended 31 December 2020													
Dividend paid	32	-	-	-	(95,472,974)	-	-	-		-	-	(95,472,974)	-
Net profit for the year		-	-	-	412,621,079	-	-	-		-	-	412,621,079	-
Other comprehensive income													
(loss) for the year		-	-	-	-	(4,920,239)	-	-		(6,843,218)	(11,763,457)	(11,763,457)	-
Closing balance as at 31 December 2020	658,434,300	222,105,000	7,429,904	65,843,430	2,400,031,168	(65,735,618)	(19,201,569)	-		(16,031,363)	(100,968,550)	3,252,875,252	-

The accompanying notes are an integral part of these consolidated and separate financial statements.

Hwa Fong Rubber (Thailand) Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2021

Consolidated financial statements (Baht)													
Attributable to owners of the parent													
Note	Retained earnings					Other components of equity							
	Issued and paid-up share capital	Premium on paid-up ordinary shares	Surplus on treasury shares	Appropriated - legal reserve	Unappropriated	Other comprehensive income (loss)				Total other components of equity	Total owners of the parent	Non-controlling interests	Total equity
						Translation differences	Remeasurements of post-employment benefit obligations	Gain(loss) on remeasurement on investments	Measurement of financial asset at fair value through other comprehensive income				
658,434,300	222,105,000	7,429,904	65,843,430	2,400,031,168	(65,735,618)	(19,201,569)	-	(16,031,363)	(100,968,550)	3,252,875,252	-	3,252,875,252	
-	-	-	-	(207,406,805)	-	-	-	-	-	(207,406,805)	-	(207,406,805)	
-	-	-	-	460,881,893	-	-	-	-	-	460,881,893	-	460,881,893	
-	-	-	-	-	27,933,297	-	-	-	4,536,327	32,469,624	32,469,624	-	32,469,624
658,434,300	222,105,000	7,429,904	65,843,430	2,653,506,256	(37,802,321)	(19,201,569)	-	(11,495,036)	(68,498,926)	3,538,819,964	-	3,538,819,964	

The accompanying notes are an integral part of these consolidated and separate financial statements.

Hwa Fong Rubber (Thailand) Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2021

Separate financial statements (Baht)									
Note	Issued and paid-up share capital	Premium on paid-up ordinary shares	Surplus on treasury shares	Retained earnings		Other component of equity		Total equity	
				Appropriated - legal reserve	Unappropriated	Other comprehensive income (loss)			
						Remeasurements of post-employment benefit obligations	Total other component of equity		
Opening balance as at 1 January 2020	658,434,300	222,105,000	7,429,904	65,843,430	2,082,113,875	(19,201,569)	(19,201,569)	3,016,724,940	
Changes in equity for the year ended 31 December 2020									
Dividend paid	32	-	-	-	(95,472,974)	-	-	(95,472,974)	
Net profit for the year		-	-	-	412,213,303	-	-	412,213,303	
Closing balance as at 31 December 2020		658,434,300	222,105,000	7,429,904	65,843,430	2,398,854,204	(19,201,569)	(19,201,569)	3,333,465,269

The accompanying notes are an integral part of these consolidated and separate financial statements.

Hwa Fong Rubber (Thailand) Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2021

Separate financial statements (Baht)									
Note	Issued and paid-up share capital	Premium on paid-up ordinary shares	Surplus on treasury shares	Retained earnings		Other component of equity		Total equity	
				Appropriated - legal reserve	Unappropriated	Other comprehensive income (loss)			
						Remeasurements of post-employment benefit obligations	Total other component of equity		
Opening balance as at 1 January 2021	658,434,300	222,105,000	7,429,904	65,843,430	2,398,854,204	(19,201,569)	(19,201,569)	3,333,465,269	
Changes in equity for the year ended 31 December 2021									
Dividend paid	32	-	-	-	(207,406,805)	-	-	(207,406,805)	
Net profit for the year		-	-	-	459,865,574	-	-	459,865,574	
Closing balance as at 31 December 2021		658,434,300	222,105,000	7,429,904	65,843,430	2,651,312,973	(19,201,569)	(19,201,569)	3,585,924,038

The accompanying notes are an integral part of these consolidated and separate financial statements.

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Cash Flows

For the year ended 31 December 2021

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit before income tax expense		561,180,305	495,102,344	560,163,986	494,694,568
Adjustments for:					
Depreciation and amortisation		99,292,848	95,786,044	99,287,348	95,780,544
(Reversal of) expected credit loss	11, 14	1,431,438	(321,481)	1,431,438	(321,481)
(Reversal of) allowance for actual cost of inventories in excess of net realisable value	13	1,587,599	(65,857)	1,587,599	(65,857)
Allowance for obsolete and defective inventories	13	8,211,617	4,060,672	8,211,617	4,269,646
Gain on disposals of property, plant and equipment	28	(127,193)	(275,906)	(127,193)	(275,906)
Loss on write off of property, plant and equipment	18, 28	969	-	969	-
Share of profit from investments in an associate	16	(127)	(224)	-	-
Unrealised loss on foreign exchange rate		2,849,875	2,353,036	2,627,452	2,279,365
Employee benefit obligations	24	5,987,548	5,881,409	5,987,548	5,881,409
Interest income	28	(2,373,559)	(5,662,641)	(2,295,143)	(5,574,037)
Finance costs		1,342,997	2,506,062	1,342,997	2,506,062
Dividend income	28	(350,828)	(383,191)	-	-
Changes in working capital					
Trade and other receivables		(202,680,972)	(22,738,153)	(203,330,003)	(22,681,617)
Inventories		(445,395,657)	28,980,030	(447,161,577)	29,073,307
Other current assets		(15,105,324)	1,795,406	(14,609,153)	2,405,675
Other non-current assets		(48,807)	-	(48,807)	-
Trade and other payables		187,994,997	36,015,590	188,480,721	35,605,226
Other current liabilities		(123,024)	(1,212,356)	(122,323)	(1,212,564)
Employee benefit paid	24	(2,843,636)	(1,719,891)	(2,843,636)	(1,719,891)
Cash generated from operations		200,831,066	640,100,893	198,583,840	640,644,449
Interest paid		(78,278)	(2,930,390)	(78,278)	(2,930,390)
Income tax paid		(109,265,728)	(66,139,745)	(109,265,728)	(66,139,745)
Net cash generated from operating activities		91,487,060	571,030,758	89,239,834	571,574,314

The accompanying notes are an integral part of these consolidated and separate financial statements.

Hwa Fong Rubber (Thailand) Public Company Limited

Statements of Cash Flows

For the year ended 31 December 2021

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
(Increase) decrease in other financial assets					
measured at amortised cost		(30,099,271)	170,000,000	(30,099,271)	170,000,000
Purchase of property, plant and equipment		(130,038,613)	(278,579,249)	(130,038,613)	(278,579,249)
Purchase of intangible assets		(412,627)	(440,000)	(412,627)	(440,000)
Proceeds from disposal of property, plant and equipment	18	198,478	676,799	198,478	676,799
Interest received		2,340,154	5,632,321	2,261,738	5,543,718
Dividend received	28	350,828	383,191	-	-
Net cash used in investing activities		(157,661,051)	(102,326,938)	(158,090,295)	(102,798,732)
Cash flows from financing activities					
Dividend paid		(207,390,946)	(95,418,271)	(207,390,946)	(95,418,271)
Repayment on long-term loan from financial institution		(5,754,018)	(141,000,000)	(5,754,018)	(141,000,000)
Payment for principal elements of lease payments		(368,872)	(345,888)	(368,872)	(345,888)
Net cash used in financing activities		(213,513,836)	(236,764,159)	(213,513,836)	(236,764,159)
Net increase (decrease) in cash and cash equivalents		(279,687,827)	231,939,661	(282,364,297)	232,011,423
Cash and cash equivalents at the beginning of the year		946,511,930	717,071,288	863,994,670	633,246,765
Exchange gain (loss) on cash and cash equivalents		6,024,567	(2,499,019)	(368,885)	(1,263,518)
Cash and cash equivalents at the ending of the period		672,848,670	946,511,930	581,261,488	863,994,670
Non-cash transactions:					
Unpaid purchase of plant and equipment		22,565,663	28,080,986	22,565,663	28,080,986
Unpaid purchase of intangible assets		127,400	-	127,400	-

The accompanying notes are an integral part of these consolidated and separate financial statements.

1 General information

Hwa Fong Rubber (Thailand) Public Company Limited (“the Company”) is a public limited company which is listed on the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The address of the Company’s registered office is as follows:

No. 317 Moo 4, Soi 6 C, Bangpoo industrial estate, Praksa, Muang Samut Prakan, Samut Prakan

For reporting purposes, the Company and its subsidiaries are referred to hereafter as “the Group”.

The principal businesses of the Group are manufacturing and distribution of tires and tubes for bicycles, motorcycles and small logistics vehicles.

These consolidated and separate financial statements were authorised for issue by the Company’s authorised board of director on 25 February 2022.

2 Significant events during the current year

Coronavirus Disease 2019 outbreak

The outbreak of Coronavirus Disease 2019 (“COVID-19”) from early 2020 to 2021 has resulted in a global economic slowdown and affected most businesses and industries around the world. However, there is no effect on the Group’s operating results for the year ended 31 December 2021 and the Group remains well placed to grow revenues through its brand reputation. Moreover, the Group’s management has monitored and put great emphasis on dealing with the COVID-19 outbreak and planned to deal with the incident effectively. The Group has adjusted the production efficiency and the cost control to suit each situation in the period. There is also internal management to control the spread of disease. Leading to sufficient working capital to service its operating activities and ongoing investments.

3 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and the financial reporting requirements issued under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except certain financial assets and investment properties which explained in the accounting policies in Note 5.6 and 5.7.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 8.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

4 New and amended financial reporting standards

4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2021 relate to the Group

a) **Revised Conceptual Framework for Financial Reporting** added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis
- Presentation and disclosure, including classification of income and expenses in other comprehensive income
- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
- Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

b) **Amendment to TFRS 9, Financial instruments and TFRS 7, Financial instruments: disclosures** amended to provide relief from applying specific hedge accounting requirements to the uncertainty arising from interest rate benchmark reform such as IBOR. The amendment also requires disclosure of hedging relationships directly affected by the uncertainty.

c) **Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors** amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.

The Group's management assessed that the above revised standard does not have a significant impact on the Group

4 New and amended financial reporting standards (Cont'd)

4.2 Amended financial reporting standards that are effective for accounting period beginning or after

1 January 2022 relate to the Group

Certain amended TFRSs have been issued that are not mandatory for the current reporting period and have not been early adopted by the Group.

Interest rate benchmark (IBOR) reform - phase 2, amendments to TFRS 9, TFRS 7, TFRS 16 and TFRS 4, and accounting guidance, financial instruments and disclosures for insurance business provide relief measures addressing issues that might affect financial reporting during the reform, including the effects of changes to contractual cash flows or hedging relationship arising from the replacement of one benchmark with an alternative benchmark.

Key relief measures of the phase 2 amendments are as follows:

- When changing the basis for determining contractual cash flows for financial assets and financial liabilities (including lease liabilities), changes that are necessary as a direct result of the IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. TFRS 16 has also been amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of the IBOR reform.
- Hedge accounting relief measures will allow most TFRS 9 hedge relationships that are directly affected by the IBOR reform to continue. However, additional ineffectiveness might need to be recorded

TFRS 7 requires additional disclosure about

- the nature and extent of risks arising from the IBOR reform to which the entity is exposed to
- how the entity manages those risks
- the entity's progress in transitioning from the IBOR to alternative benchmark rates and how the entity is managing this transition.

The Group's management is assessing the impacts from these standards.

5 Accounting policies

5.1 Principles of consolidation and equity accounting

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investments in subsidiaries are accounted for using cost method. Direct costs related to purchase of investment are recognised as an initial cost of investment.

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting.

In the separate financial statements, investments in associates are accounted for using cost method

c) Equity method

The investment is initially recognised at cost which is consideration paid and directly attributable costs.

The Group's subsequently recognises shares of its associates' profits or losses and other comprehensive income in the profit or loss and other comprehensive income, respectively. The subsequent cumulative movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in associates equals or exceeds its interest in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A difference between the amount of the adjustment to non-controlling interests to reflect their relative interest in the subsidiary and any consideration paid or received is recognised within equity.

5 Accounting policies (Cont'd)

5.1 Principles of consolidation and equity accounting

d) Changes in ownership interests (Cont'd)

If the ownership interest in associates is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduce of the ownership interest in associates is recognise in profit or loss.

When the Group losses control or significant influence over investments, any retained interest in the investment is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount of the retained interest which is reclassified to investment in an associate, or a joint venture or a financial asset accordingly.

e) Intercompany transactions on consolidation

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.

5.2 Foreign currency translation

a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Group's and the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the date of revaluation where items are remeasured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

5 Accounting policies (Cont'd)

5.2 Foreign currency translation (Cont'd)

c) Group companies

The operational results and financial position of the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a different functional currency from the Group's presentation currency are translated into the presentation currency as follows.

- Assets and liabilities are translated at the closing rate at the date of respective statement of financial position;
- Income and expenses for statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

5.3 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date and bank overdrafts. Bank overdrafts are presented in current liabilities of the statement of financial position.

5.4 Trade accounts receivable

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business. They are generally due for settlement within 30 to 90 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditionally unless they contain significant financing components, when they are recognised at its present value. The Group holds the trade receivables with the objective to collect the contractual cash flow and therefore measures them subsequently at amortised cost.

The impairment of trade receivables is disclosed in Note 5.6 f).

5.5 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined by the weighted average method. Cost of raw materials comprise all purchase cost and costs directly attributable to the acquisition of the inventory less all attributable discounts. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and directly attributable costs in bringing the inventories to their present location and condition.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

5 Accounting policies (Cont'd)**5.6 Financial asset****a) Classification**

The Group classifies its debt instrument financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments, the Group has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss (FVPL) or at fair value through other comprehensive income (FVOCI) except those that are held for trading, they are measured at FVPL.

b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

5 Accounting policies (Cont'd)**5.6 Financial asset (Cont'd)****d) Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.
- **FVOCI:** Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income is included in other income. Impairment expenses are presented separately in the statement of comprehensive income.
- **FVPL:** Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

e) Equity instruments

The Group measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of comprehensive income.

Impairment losses (and reversal of impairment losses) on equity investments are reported together with changes in fair value.

5 Accounting policies (Cont'd)**5.6 Financial asset (Cont'd)****f) Impairment**

The Group applies the TFRS 9 simplified approach in measuring the impairment of trade receivables, which applies lifetime expected credit loss, from initial recognition, for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss rates are based on payment profiles, historical credit losses as well as forward-looking information and factors that may affect the ability of the customers to settle the outstanding balances.

For the year ended 31 December 2020, the Group chose to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ended between 1 January 2020 and 31 December 2020 by excluding forward-looking information in assessing the expected credit loss under the simplified approach of trade receivables. The Group applied historical credit loss adjusted with the management's judgement in estimating the expected credit loss as disclosed in Note 11.

For other financial assets carried at amortised cost and FVOCI, the Group applies TFRS 9 general approach in measuring the impairment of those financial assets. Under the general approach, the 12-month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk since the initial recognition.

The significant increase in credit risk (from initial recognition) assessment is performed every end of reporting period by comparing i) expected risk of default as of the reporting date and ii) estimated risk of default on the date of initial recognition.

The Group assesses expected credit loss by taking into consideration forward-looking information and past experiences. The expected credit loss is a probability-weighted estimate of credit losses (probability-weighted present value of estimated cash shortfall). The cash shortfall is the difference between all contractual cash flows that are due to the Group and all cash flows expected to receive, discounted at the original effective interest rate.

5 Accounting policies (Cont'd)**5.6 Financial asset (Cont'd)****f) Impairment (Cont'd)**

When measuring expected credit losses, the Group reflects the following:

- probability-weighted estimated uncollectible amounts
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

Impairment (and reversal of impairment) losses are recognised in profit or loss included in administrative expenses.

5.7 Investment property

Investment properties, land held under operating leases, are held for long-term rental yields or for capital appreciation or both and are not occupied by the Group.

Investment property is measured subsequently at fair value. Changes in fair values are presented in profit or loss.

For the year ended 31 December 2020, the Group chose to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ended between 1 January 2020 and 31 December 2020 by not taking into account the information related to COVID-19 in its financial projections for the purpose of fair valuing investment properties as at 31 December 2020.

5 Accounting policies (Cont'd)**5.8 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and building improvement	10 – 40 years
Plant and machinery	5 - 20 years
Office equipment, furniture and fixtures	5 - 10 years
Vehicles	5 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

5.9 Intangible assets*Computer software*

Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives not over than 3 and 10 years.

Repairs and maintenance for computer software are recorded as expenses when incurred.

5 Accounting policies (Cont'd)

5.10 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

For the year ended 31 December 2020, the Group chose to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ended between 1 January 2020 and 31 December 2020 by excluding information related to COVID-19 as an indication of the impairment of assets.

5.11 Leases

Leases - where the Group is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

5 Accounting policies (Cont'd)**5.11 Leases (Cont'd)****Leases - where the Group is the lessee (Cont'd)**

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Low-value asset is copy machine.

Leases - where the Group is the lessor

Rental income under operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

5 Accounting policies (Cont'd)**5.12 Financial liabilities****a) Classification**

Financial instruments issued by the Group are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Group has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Group's own equity instruments.
- Where the Group has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

b) Measurement

Financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

c) Derecognition and modification

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

Where the terms of a financial liability are renegotiated/modified, the Group assesses whether the renegotiation/modification results in the derecognition of that financial liability. Where the modification results in an extinguishment, the new financial liability is recognised based on fair value of its obligation. The remaining carrying amount of financial liability is derecognised. The difference as well as proceed paid is recognised as other gains/(losses) in profit or loss.

Where the modification does not result in the derecognition of the financial liability, the carrying amount of the financial liability is recalculated as the present value of the renegotiated/modified contractual cash flows discounted at its original effective interest rate. The difference is recognised in other gains/(losses) in profit or loss.

5 Accounting policies (Cont'd)

5.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (assets that take 12 months to get ready for its intended use or sale) are added to the cost of those assets less investment income earned from those specific borrowings. The capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Other borrowing costs are expensed in the period in which they are incurred.

5.14 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- Initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- Investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

5 Accounting policies (Cont'd)**5.14 Current and deferred income taxes (Cont'd)***Deferred income tax (Cont'd)*

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

For the year ended 31 December 2020, the Group chose to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ended between 1 January 2020 and 31 December 2020 by excluding information related to COVID-19 which causes uncertainty when considering the sufficiency of future taxable profit for the purpose of assessing the utilisation of deductible temporary differences. Instead, the Group writes down the carrying amount of the deferred tax assets when it's not probable that the future taxable profit will be available for utilising the deductible temporary differences.

5.15 Employee benefits**a) Short-term employee benefits**

Liabilities for short-term employee benefits such as wages, salaries, annual leave and sick leave and bonuses that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

b) Defined contribution plan

The Group pays contributions to a separate fund on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

5 Accounting policies (Cont'd)**5.15 Employee benefits (Cont'd)****c) Defined benefit plans**

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated every 3 years by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are presented as a separate item in statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

d) Termination benefits

The Group recognises termination benefits at the earlier of (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for the related restructuring. Benefits due more than 12 months are discounted to their present value.

5.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

For the year ended 31 December 2020, the Group chose to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ended between 1 January 2020 and 31 December 2020 by excluding the COVID-19 situation as a past event that has resulted in a present obligation in assessing the Group's provisions and contingent liabilities as of 31 December 2020.

5 Accounting policies (Cont'd)

5.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares (net of tax) are shown as a deduction in equity.

Treasury share

Where any companies within the Group repurchases its shares, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

5.18 Revenue recognition

Revenue includes all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Group's ordinary activities is also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

Sale of goods – wholesale

The Group manufactures and sells a range of tires and tubes for bicycles, motorcycles and small logistics vehicles in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

5 Accounting policies (Cont'd)**5.18 Revenue recognition (Cont'd)***Sale of goods – wholesale (Cont'd)*

The distributed tires and tubes are often sold with retrospective volume discounts based on aggregate sales over a 3-months period in each quarter. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in contract liabilities) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present as the sales are made with a credit term of 30 - 90 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Services

The Group recognised service contracts with a continuous service provision as revenue on a straight line basis over the contract term, regardless of the payment pattern.

Contract assets and contract liabilities

A contract asset is recognised where the Group recorded revenue for fulfillment of a contractual performance obligation before the customer paid consideration or before the requirements for billing.

A contract liability is recognised when the customer paid consideration or a receivable from the customer that is due before the Group fulfilled a contractual performance obligation.

For each customer contract, contract liabilities are set off against contract assets.

Sale of goods - customer loyalty programme

The Group operates a loyalty programme where customers accumulate point of purchase volume made which entitle them to free product. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they are expired.

5 Accounting policies (Cont'd)

5.18 Revenue recognition (Cont'd)

Material right

Options granted to customers to purchase additional goods or services free of charge or at a discount are separate performance obligations, material right. Part of the transaction price is deferred as a contract liability until the option is exercised or expired.

Payment to customers

Payment to customers, including credited or subsequent discounts, are recognised as a reduction in revenue unless the payment constitutes consideration of a distinct goods or service from the customer.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Other income

Other income are recognised on the following basis:

- interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.
- rental income under operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.
- dividend income is recognised when the right to receive payment is established.

5.19 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

6 Financial risk management

6.1 Financial risk factors

The Group exposes to a variety of financial risks: market risk (currency risk, fair value risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The board of directors provides principles for overall risk management which is carried out by the Group treasury, including identification, evaluation and hedge of financial risks in close co-operation with operating units..

6.1.1 Market risk

a) *Foreign exchange risk*

The Group's functional currency is Thai Baht. Sales and purchases transactions are denominated in Thai Baht and foreign currencies. Therefore, the Group is exposed to foreign currency risks, primarily the US Dollar, Euro, Indonesian Rupiah and Taiwan Dollar from trading transactions, purchase of machineries, and investment in equity securities that are denominated in foreign currencies. The Group does not use derivative financial instruments to hedge against such risk and does not apply hedge accounting because the management believes that future fluctuations in exchange rates in the future market will not have a significant impact on the Group's operations.

The Group has only an investment in a foreign subsidiary in Indonesia, which the Group assessed that there is no significant foreign exchange risk. The Group considers that it is not necessary to use derivative financial instruments to hedge against such risk because the management believes that future fluctuations in exchange rates in the future market will not have a significant impact on the Group's operations.

6 Financial risk management (Cont'd)

6.1 Financial risk factors (Cont'd)

6.1.1 Market risk (Cont'd)

a) Foreign exchange risk (Cont'd)

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Baht are as follows:

	Consolidated financial statements						
	31 December 2021						
	US Dollar	Euro	Japanese	Singapore	Dollar	Indonesian	Chinese
	Baht	Baht	Yen	r	Rupiah	Yuan	Taiwan
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Cash and cash equivalents	198,679,866	4,803,925	13,593	548,528	69,723,550	1,467,152	26,114
Trade and other receivables	470,595,296	49,173,372	-	-	-	-	-
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	29,625,307
Trade and other payables	293,576,575	1,162,839	-	-	-	-	-

	Consolidated financial statements						
	31 December 2020						
	US Dollar	Euro	Japanese	Singapore	Dollar	Indonesian	Chinese
	Baht	Baht	Yen	r	Rupiah	Yuan	Taiwan
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Cash and cash equivalents	290,750,747	502,726	13,593	263,981	64,293,741	1,435,503	177,955
Trade and other receivables	295,157,712	29,505,075	-	-	-	-	-
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	25,088,980
Trade and other payables	168,457,241	675,325	-	-	-	-	-

6 Financial risk management (Cont'd)

6.1 Financial risk factors (Cont'd)

6.1.1 Market risk (Cont'd)

a) Foreign exchange risk (Cont'd)

Exposure (Cont'd)

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Baht are as follows: (Cont'd)

	Separate financial statements				
	31 December 2021				
	US Dollar	Euro	Japanese	Chinese	Taiwan
	Baht	Baht	Yen Baht	Yuan Baht	Dollar Baht
Cash and cash equivalents	190,897,633	4,803,925	13,593	1,467,152	26,114
Trade and other receivables	470,595,296	49,173,372	-	-	-
Trade and other payables	293,576,575	1,162,839	-	-	-

	Separate financial statements				
	31 December 2020				
	US Dollar	Euro	Japanese	Chinese	Taiwan
	Baht	Baht	Yen Baht	Yuan Baht	Dollar Baht
Cash and cash equivalents	286,077,556	502,726	13,593	1,435,503	24,997
Trade and other receivables	295,157,712	29,505,075	-	-	-
Trade and other payables	168,457,241	675,325	-	-	-

6 Financial risk management (Cont'd)

6.1 Financial risk factors (Cont'd)

6.1.1 Market risk (Cont'd)

a) Foreign exchange risk (Cont'd)

Sensitivity

The Group is primarily exposed to changes in Baht/USD, Baht/Euro, Baht/IDR and Baht/TWD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from financial assets and financial liabilities denominated in US Dollar, Euro, Indonesian Rupiah and Taiwan Dollar.

	Consolidated financial statements			
	Impact to net profit		Impact to other components of equity	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
US Dollar to Baht exchange rate				
- increase 11% (2020: 9%)*	41,326,845	37,570,609	-	-
US Dollar to Baht exchange rate				
- decrease 11% (2020: 9%)*	(41,326,845)	(37,570,609)	-	-
Euro to Baht exchange rate				
- increase 5% (2020: 7%)*	2,640,724	2,053,273	-	-
Euro to Baht exchange rate				
- decrease 5% (2020: 7%)*	(2,640,724)	(2,053,273)	-	-
IDR to Baht exchange rate				
- increase 9% (2020: 8%)*	-	-	6,275,119	5,143,499
IDR to Baht exchange rate				
- decrease 9% (2020: 8%)*	-	-	(6,275,119)	(5,143,499)
Taiwan Dollar to Baht exchange rate				
- increase 12% (2020: 4%)*	3,555,037	1,003,559	-	-
Taiwan Dollar to Baht exchange rate				
- decrease 12% (2020: 4%)*	(3,555,037)	(1,003,559)	-	-

* Holding all other variables constant

6 Financial risk management (Cont'd)

6.1 Financial risk factors (Cont'd)

6.1.1 Market risk (Cont'd)

a) Foreign exchange risk (Cont'd)

Sensitivity (Cont'd)

	Separate financial statements	
	Impact to net profit	
	2021	2020
	Baht	Baht
US Dollar to Baht exchange rate		
- increase 11% (2020: 9%)*	40,470,799	37,150,022
US Dollar to Baht exchange rate		
- decrease 11% (2020: 9%)*	(40,470,799)	(37,150,022)
Euro to Baht exchange rate		
- increase 5% (2020: 7%)*	2,640,724	2,053,273
Euro to Baht exchange rate		
- decrease 5% (2020: 7%)*	(2,640,724)	(2,053,273)

* Holding all other variables constant

b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. As at 31 December 2021, the Group is exposed to interest rate risk relates primarily to its deposits at financial institutions and lease liabilities. Most of the Group's financial assets and liabilities bear fixed interest rates which are close to the market rate.

In 2020, in addition to the above items, the Group had long-term loans from financial institutions with floating interest-bearing rates.

The Group considers interest rate risk to be insignificant, since the amount of financial assets bearing interest is greater than financial liabilities. Due to the short-term nature of borrowing with financial institutions, the risk on interest rate variance is not significant.

6 Financial risk management (Cont'd)

6.1 Financial risk factors (Cont'd)

6.1.1 Market risk (Cont'd)

b) Interest rate risk (Cont'd)

Outstanding balance of significant financial assets and financial liabilities and their interest rates as at 31 December 2021 and 2020 are summarised as follows:

Consolidated financial statements							
As at 31 December 2021							
Baht							
	Floating interest rate	Fixed interest rate		Without interest	Total	Interest rate	
		Remaining period				Float rate	Fixed rate
		before maturity date					
		or repricing date					
		Less than 1 year	1 year - 5 years				
Financial assets							
Cash and cash equivalents	-	661,721,445	-	11,127,225	672,848,670	-	0.025 - 1.10
Other financial assets measured at amortised cost	-	30,099,271	-	-	30,099,271	-	0.95 - 1.45
Trade and other receivables (net)	-	-	-	737,300,144	737,300,144	-	-
Financial asset at fair value through other comprehensive income	-	-	-	29,625,307	29,625,307	-	-
Total financial assets	-	691,820,716	-	778,052,676	1,469,873,392	-	-
Financial liabilities							
Trade and other payables	-	-	-	590,529,832	590,529,832	-	-
Contract liabilities	-	-	-	19,467,301	19,467,301	-	-
Lease liabilities	-	393,382	383,520	-	776,902	-	6.45
Total financial liabilities	-	393,382	383,520	609,997,133	610,774,035		

Consolidated financial statements							
As at 31 December 2020							
Baht							
	Floating interest rate	Fixed interest rate		Without interest	Total	Interest rate	
		Remaining period				Float rate	Fixed rate
		before maturity date					
		or repricing date					
		Less than 1 year	1 year - 5 years				
Financial assets							
Cash and cash equivalents	-	941,731,585	-	4,780,345	946,511,930	-	0.04 - 1.40
Trade and other receivables (net)	-	-	-	538,624,984	538,624,984	-	-
Financial asset at fair value through other comprehensive income	-	-	-	25,088,980	25,088,980	-	-
Total financial assets	-	941,731,585	-	568,494,309	1,510,225,894	-	-
Financial liabilities							
Trade and other payables	-	-	-	412,239,248	412,239,248	-	-
Contract liabilities	-	-	-	17,201,158	17,201,158	-	-
Current portion of long-term borrowings from financial institution	-	5,754,018	-	-	5,754,018	MLR-3.525	-
Lease liabilities	-	368,872	776,902	-	1,145,774	-	6.45
Total financial liabilities	-	6,122,890	776,902	429,440,406	436,340,198		

6 Financial risk management (Cont'd)

6.1 Financial risk factors (Cont'd)

6.1.1 Market risk (Cont'd)

b) Interest rate risk (Cont'd)

Outstanding balance of significant financial assets and financial liabilities and their interest rates as at 31 December 2021 and 2020 are summarised as follows: (Cont'd)

Separate financial statements							
As at 31 December 2021							
Baht							
	Fixed interest rate				Total	Interest rate	
	Floating interest rate	Remaining period before maturity date or repricing date		Without interest		(% per annum)	
		Less than 1 year	1 year - 5 years			Float rate	Fixed rate
Financial assets							
Cash and cash equivalents	-	570,402,863	-	10,858,625	581,261,488	-	0.04 - 1.10
Other financial assets measured at amortised cost	-	30,099,271	-		30,099,271	-	0.95 - 1.45
Trade and other receivables (net)	-	-	-	736,812,290	736,812,290	-	-
Total financial assets	-	600,502,134	-	747,670,915	1,348,173,049	-	-
Financial liabilities							
Trade and other payables	-	-	-	589,827,825	589,827,825	-	-
Contract liabilities	-	-	-	19,467,301	19,467,301	-	-
Lease liabilities	-	393,382	383,520	-	776,902	-	6.45
Total financial liabilities	-	393,382	383,520	609,295,126	610,072,028		
Separate financial statements							
As at 31 December 2020							
Baht							
	Fixed interest rate				Total	Interest rate	
	Floating interest rate	Remaining period before maturity date or repricing date		Without interest		(% per annum)	
		Less than 1 year	1 year - 5 years			Float rate	Fixed rate
Financial assets							
Cash and cash equivalents	-	859,700,910	-	4,293,760	863,994,670	-	0.04 - 1.40
Trade and other receivables (net)	-	-	-	537,479,129	537,479,129	-	-
Total financial assets	-	859,700,910	-	541,772,889	1,401,473,799	-	-
Financial liabilities							
Trade and other payables	-	-	-	411,131,830	411,131,830	-	-
Contract liabilities	-	-	-	17,201,158	17,201,158	-	-
Current portion of long-term borrowings from financial institution	-	5,754,018	-	-	5,754,018	MLR-3.525	-
Lease liabilities	-	368,872	776,902	-	1,145,774	-	6.45
Total financial liabilities	-	6,122,890	776,902	428,332,988	435,232,780		

c) Price risk

The exposure to equity securities price risk arises from investments in equity securities which are classified as at fair value through other comprehensive income (FVOCI). The Group's equity investments are publicly traded in the Taiwan Stock Exchange Corporation (TWSE) (Note 12).

6 Financial risk management (Cont'd)

6.1 Financial risk factors (Cont'd)

6.1.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

a) Risk management

Credit risk is managed on a group basis. For deposits with banks and financial institutions, only credible financial institutions are accepted.

For customers, the Group consider the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on those assessments in accordance with limits set by the board. The non-compliance with credit limits by customers is resulted in restriction of goods delivery. In addition, the compliance with credit limits by customers is regularly monitored by line management.

There are no significant concentrations of credit risk, whether through exposure to individual customers or specific industry sectors.

b) Security

For some trade receivables the Group may obtain security in the form of guarantees or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement and the Group makes the trade credit insurance contracts with insurance company.

c) Impairment of financial assets

The Group and the Company has 2 types of financial assets that are subject to the expected credit loss model:

- Deposits with banks and financial institutions
- Trade and other receivables

6 Financial risk management (Cont'd)

6.1 Financial risk factors (Cont'd)

c) Impairment of financial assets (Cont'd)

While cash and cash equivalents are also subject to the impairment requirements of TFRS 9, the identified impairment loss was immaterial.

The expected loss rates are based on the payment profiles and the corresponding historical credit losses adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

The Group and the Company considers that all deposits with banks and financial institutions has low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months expected losses. Debt investments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations.

6.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held deposits at call of Baht 642,579,523 (2020: Baht 745,828,500) that are expected to readily generate cash inflows for managing liquidity risk.

Due to the dynamic nature of the underlying businesses, the Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group, in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining financing plans.

6 Financial risk management (Cont'd)

6.1 Financial risk factors (Cont'd)

6.1.3 Liquidity risk (Cont'd)

a) Financing arrangements

The Group had access to the following undrawn credit facilities as at 31 December:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Floating rate				
Expiring within one year				
- Bank loans	-	853,245,982	-	853,245,982
	-	853,245,982	-	853,245,982

As at 31 December 2021, the bank loan facilities may be drawn at any time in Thai Baht and will be matured in January 2021.

b) Maturity of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for non-derivative financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

6 Financial risk management (Cont'd)

6.1 Financial risk factors (Cont'd)

6.1.3 Liquidity risk (Cont'd)

b) Maturity of financial liabilities (Cont'd)

Consolidated financial statements (Unit: Baht)						
Contractual maturities of financial liabilities	On demand	Within 1 year	1 - 5 years	Over 5 years	Total	Carrying amount
As at 31 December 2021						
Non-derivatives						
Trade and other payables	-	590,529,832	-	-	590,529,832	590,529,832
Contract liabilities	-	19,467,301	-	-	19,467,301	19,467,301
Lease liabilities	-	432,000	396,000	-	828,000	776,902
Total non-derivatives	-	610,429,133	396,000	-	610,825,133	610,774,035

Consolidated financial statements (Unit: Baht)						
Contractual maturities of financial liabilities	On demand	Within 1 year	1 - 5 years	Over 5 years	Total	Carrying amount
As at 31 December 2020						
Non-derivatives						
Trade and other payables	-	412,239,248	-	-	412,239,248	412,239,248
Contract liabilities	-	17,201,158	-	-	17,201,158	17,201,158
Lease liabilities	-	432,000	828,000	-	1,260,000	1,145,774
Long-term loans from financial institutions	-	5,754,018	-	-	5,754,018	5,754,018
Total non-derivatives	-	435,626,424	828,000	-	436,454,424	436,340,198

6 Financial risk management (Cont'd)

6.1 Financial risk factors (Cont'd)

6.1.3 Liquidity risk (Cont'd)

b) Maturity of financial liabilities (Cont'd)

	Separate financial statements (Unit: Baht)					
Contractual maturities of financial liabilities	Within			Over		Carrying
As at 31 December 2021	On demand	1 year	1 - 5 years	5 years	Total	amount
Non-derivatives						
Trade and other payables	-	589,827,825	-	-	589,827,825	589,827,825
Contract liabilities	-	19,467,301	-	-	19,467,301	19,467,301
Lease liabilities	-	432,000	396,000	-	828,000	776,902
Total non-derivatives	-	609,727,126	396,000	-	610,123,126	610,072,028
	Separate financial statements (Unit: Baht)					
Contractual maturities of financial liabilities	Within			Over		Carrying
As at 31 December 2020	On demand	1 year	1 - 5 years	5 years	Total	amount
Non-derivatives						
Trade and other payables	-	411,131,830	-	-	411,131,830	411,131,830
Contract liabilities	-	17,201,158	-	-	17,201,158	17,201,158
Lease liabilities	-	432,000	828,000	-	1,260,000	1,145,774
Long-term loans from financial institutions	-	5,754,018	-	-	5,754,018	5,754,018
Total non-derivatives	-	434,519,006	828,000	-	435,347,006	435,232,780

Of the Baht 5,754,018 disclosed in the 2020 borrowings time band 'within 1 year', the Group repaid all borrowings on 1 January 2021.

6.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

7 Fair value

The following table presents fair value of financial asset and non-financial asset recognised by their fair value hierarchy.

	Consolidated financial statements							
	Level 1		Level 2		Level 3		Total	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2021	2020	2021	2020	2021	2020	2021	2020
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Assets								
Financial asset at fair value								
through other comprehensive income	29,625,307	25,088,980	-	-	-	-	29,625,307	25,088,980
Investment property	-	-	-	-	238,440,346	217,018,408	238,440,346	217,018,408
Total assets measured at fair value	29,625,307	25,088,980	-	-	238,440,346	217,018,408	268,065,653	242,107,388

Financial assets and financial liabilities are approximately to the carrying amounts as follows:

- Cash and cash equivalent
- Other financial assets measured at amortised cost
- Trade and other receivables (net)
- Trade and other payables
- Contract liabilities
- Current portion of long-term borrowings from financial institution
- Lease liabilities

Fair values are categorised into hierarchy based on inputs used as follows:

- Level 1: The fair value of financial instruments is based on quoted market prices at the statements of financial position date. The quoted market price used for financial assets held by the Company is the closing price by reference to the Stock Exchange. These instruments are included in level 1.
- Level 2: The fair value of financial instruments is based on significant observable inputs and, as little as possible, entity-specific estimates.
- Level 3: The fair value of financial instruments is not based on observable market data.

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices by reference to the Stock Exchange
- the use of market prices

The resulting fair value estimates are included in level 1 and level 3.

7 Fair value (Cont'd)

Fair value measurements using significant unobservable inputs (level 3)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

	Fair value		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	31 December 2021	31 December 2020		31 December 2021	31 December 2020	
	Baht	Baht				
Investment property	238,440,346	217,018,408	The market value for similar properties	420,134 - 924,000 IDR/m ²	420,134 - 924,000 IDR/m ²	-
			Indonesia's economic growth rate	5.3%	5.3%	-
			Indonesia's inflation rate	3.1%	3.1%	-
			Exchange rate	0.0023 THB/IDR	0.0021 THB/IDR	The higher the exchange rate, the higher the fair value

Transfer between fair value hierarchy

During the year, there was no transfer between levels of fair value.

The Group's valuation processes

Chief Financial Officer (CFO), Audit Committee (AC) and a valuation team discuss valuation processes and results at least every quarter.

Significant unobservable inputs of fair value hierarchy level 3 are the market value for similar properties, Indonesia's economic growth rate, Indonesia's inflation rate and exchange rate. The Group has gathered such information from valuation report prepared by independent appraisal, obtained through its subsidiary.

8 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of key assumptions used are included in Note 7.

b) Fair value of investment property

The fair value of investment property is appraised using the market approach. Valuations were made on the basis of recent market transactions on arm's length terms. The comparison of property value will be considered with the factors of location, size, outline, type and development qualitative. Taking into consideration macroeconomic factors include economic growth rate, inflation rate and exchange rate. Then, analysing and adjusting the different factors to conclude the final price of property. Details of key assumptions used are included in Note 7.

c) Useful life of intangible asset

The Group estimates the useful life of computer software to be 3 and 10 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than the determined life, depending on technical innovations.

d) Defined retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in Note 24.

e) Determination of transaction price in contracts with customers

The Group has not recognised revenue of Baht 15,132,011 (2020: Baht 7,271,222) from free goods contracts with products volume for customers. The Group did not have any expectation with the customer and the product line. Management therefore determined that it was not highly probable that a portion of the revenue will not be reversed.

8 Critical accounting estimates and judgements (Cont'd)**f) Allocation of transaction price in contracts with customers**

The customer loyalty programme provides a material right to customers. The promise to provide points to the customer is a separate performance obligation. Therefore, the transaction price is allocated to the original product sold and the points on a relative stand-alone selling price basis. Management estimates stand-alone selling price per point on the basis of the discount granted when the points are redeemed and the likelihood of the redemption, based on past experience.

In some cases, it is difficult to find a single selling price for each product or service in which the Group offers customers various products and services in one contract because the market price is quite volatile due to the high competition. In many cases there is no single selling price offered in the market. The change in the sales price estimated individually will have a significant impact on the price allocation of the combined items to each obligation to be performed. Therefore, the allocation will impact revenue recognition, assets and liabilities arising from contracts.

g) Determination of lease terms

Critical judgement in determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on vehicles and office equipment leases have not been included in the lease liability, because the Group considers i) the underlying asset condition and/or ii) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Group.

h) Determination of discount rate applied to leases

The Group determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term, country, currency and security.

i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about default risk and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

9 Segment information

The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chairman of the Board that makes strategic decisions examines the Group's performance both from revenue streams and geographic perspective and has identified two reportable segments and five reportable segments, respectively, of the Group's businesses.

The Chairman of the Board primarily uses a measure of segments' revenue and gross margin to assess the performance of the operating segments.

Significant information relating to revenue and profit of the reportable segments are as follows:

	Consolidated financial statements					
	Sales of goods and services		Investment		Total	
	2021	2020	2021	2020	2021	2020
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht	Baht	Baht
Revenue from sales of goods and services	3,426,804	2,664,832	-	-	3,426,804	2,664,832
Other income	7,407	9,162	351	383	7,758	9,545
Total revenue	3,434,211	2,673,994	351	383	3,434,562	2,674,377
Timing of revenue recognition:						
At a point in time	3,408,012	2,662,226	351	383	3,408,363	2,662,609
Over time	26,199	11,768	-	-	26,199	11,768
	3,434,211	2,673,994	351	383	3,434,562	2,674,377
Gross profit	682,955	621,244	-	-	682,955	621,244
Selling and administrative expenses	(180,689)	(153,035)	-	-	(180,689)	(153,035)
Profit before income tax expenses	560,829	494,719	351	383	561,180	495,102
Income tax expenses	(100,298)	(82,481)	-	-	(100,298)	(82,481)
Net profit for the year	460,531	412,238	351	383	460,882	412,621
Investment property	238,440	217,018	-	-	238,440	217,018
Property, plant and equipment (net)	1,563,697	1,538,085	-	-	1,563,697	1,538,085
Total assets	4,293,439	3,836,704	30,810	26,274	4,324,249	3,862,978

9 Segment information (Cont'd)

	Separate financial statements					
	Sales of goods and services		Investment		Total	
	2021	2020	2021	2020	2021	2020
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht	Baht	Baht
Revenue from sales of goods and services	3,414,608	2,652,849	-	-	3,414,608	2,652,849
Other income	7,562	9,299	-	-	7,562	9,299
Total revenue	3,422,170	2,662,148	-	-	3,422,170	2,662,148
Timing of revenue recognition:						
At a point in time	3,396,050	2,650,469	-	-	3,396,050	2,650,469
Over time	26,120	11,679	-	-	26,120	11,679
	3,422,170	2,662,148	-	-	3,422,170	2,662,148

The Group's revenues of approximately Baht 1,046.67 million (2020: Baht 612.73 million) are derived from a major customer. These revenues are attributed to the sale of goods segment.

Significant information relating to revenue of geographic are as follows:

	Consolidated financial statements	
	For the year ended 31 December	
	2021	2020
	Thousand Baht	Thousand Baht
Local	869,802	819,707
Overseas - Asia	806,708	665,546
Overseas - Europe	1,413,151	832,920
Overseas - America	299,788	306,589
Overseas - Others	37,355	40,070
Total	3,426,804	2,664,832

10 Cash and cash equivalents

Cash and cash equivalents as at 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Cash on hand	269,147	613,751	261,330	596,582
Deposits held at call with banks				
- current accounts	75,020,053	67,492,117	5,804,192	3,194,452
- savings accounts	567,559,470	678,336,383	545,195,966	660,133,957
- fixed accounts	30,000,000	60,000,000	30,000,000	60,000,000
Bill of exchange	-	140,069,679	-	140,069,679
Total cash and cash equivalents	672,848,670	946,511,930	581,261,488	863,994,670

As at 31 December 2021, fixed account with maturities of 7 days bear interest at the rate of 0.1% per annum.

As at 31 December 2020, fixed account with maturities of 9 days bear interest at the rate of 0.2% per annum and bill of exchange with maturities of 3 months bear interest at the rate of 0.6% - 0.7% per annum.

11 Trade and other receivables (net)

Trade and other receivables (net) as at 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Trade accounts receivable				
- other parties	869,339,747	688,129,651	868,270,901	686,412,846
Less Allowance for expected credit losses	(172,092,700)	(170,963,235)	(172,092,700)	(170,963,235)
Total trade accounts receivable				
- other parties (net)	697,247,047	517,166,416	696,178,201	515,449,611
Trade accounts receivable				
- related parties (Note 33.3)	22,754,703	21,371,602	22,754,703	21,371,602
Other accounts receivable				
- related parties (Note 33.3)	17,178,023	-	17,759,015	570,950
Interest receivable	120,371	86,966	120,371	86,966
Others (net)	7,676,619	5,274,119	7,663,484	5,225,209
Total trade and other receivables (net)	744,976,763	543,899,103	744,475,774	542,704,338

11 Trade and other receivables (net) (Cont'd)

Trade accounts receivable - other parties as at 31 December 2021 and 2020 can be aged as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Not yet due	610,890,090	453,380,518	609,921,628	451,797,918
Overdue not exceeding 3 months	74,991,620	63,964,389	74,901,348	63,840,295
Overdue 3 to 6 months	10,504,228	1,626,032	10,504,228	1,626,032
Overdue 6 to 12 months	4,533,458	1,711,343	4,533,458	1,701,232
Overdue exceeding 12 months	168,420,351	167,447,369	168,410,239	167,447,369
	869,339,747	688,129,651	868,270,901	686,412,846
<u>Less</u> Allowance for expected credit losses	(172,092,700)	(170,963,235)	(172,092,700)	(170,963,235)
Total trade accounts receivable	697,247,047	517,166,416	696,178,201	515,449,611
- other parties (net)				

The normal credit term given to customers by the Group is 30 to 90 days.

During the second quarter of 2016, the Company filed a lawsuit against Yoko Alloy Wheel Company Limited, to enforce its obligation under sale contract after deduction of trade discounts, amounting to Baht 160 million. As a result, the Company set up the allowance for doubtful accounts of such receivable amounting to Baht 160 million.

During the year 2018, the lawsuit against Yoko Alloy Wheel Company Limited was finalised with the favourable judgement to the Company. The Company was in the process of enforcement of debtor to pay Baht 160 million by legal execution department.

As at 31 December 2021, the seized assets are in the process of auction announcement part of the lawsuit was finalised.

However, the recoverability of such receivable was still uncertain

Trade accounts receivable - related parties as at 31 December 2021 and 2020 can be aged as follows

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Not yet due	22,754,434	21,371,602	22,754,434	21,371,602
Overdue not exceeding 3 months	269	-	269	-
Total trade accounts receivable - related parties	22,754,703	21,371,602	22,754,703	21,371,602

11 Trade and other receivables (net) (Cont'd)

Allowance for expected credit losses for trade receivables - other parties as at 31 December 2021 and 2020 was determined as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Not yet due	611,559	827,636	611,559	827,636
Overdue not exceeding 3 months	2,130,099	1,036,339	2,130,099	1,036,339
Overdue 3 to 6 months	378,623	244,498	378,623	244,498
Overdue 6 to 12 months	562,180	1,407,392	562,180	1,407,392
Overdue exceeding 12 months	168,410,239	167,447,370	168,410,239	167,447,370
	172,092,700	170,963,235	172,092,700	170,963,235

The reconciliations of allowance for expected credit losses for trade accounts receivable for the year ended 31 December are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Allowance for expected credit losses				
As of 1 January	170,963,235	171,391,902	170,963,235	171,391,902
Increase in loss allowance recognised in profit or loss during the year	1,129,465	-	1,129,465	-
Reversal loss allowance	-	(428,667)	-	(428,667)
As of 31 December	172,092,700	170,963,235	172,092,700	170,963,235

12 Financial assets and financial liabilities

Financial assets and financial liabilities as at 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Financial assets				
Financial assets at amortised cost				
- Cash and cash equivalents	672,848,670	946,511,930	581,261,488	863,994,670
- Other financial assets measured at amortised cost	30,099,271	-	30,099,271	-
- Trade and other receivables (net)	737,300,144	538,624,984	736,812,290	537,479,129
Financial asset at fair value through other comprehensive income	29,625,307	25,088,980	-	-
	1,469,873,392	1,510,225,894	1,348,173,049	1,401,473,799
Financial liabilities				
Financial liabilities at amortised cost				
- Trade and other payables	590,529,832	412,239,248	589,827,825	411,131,830
- Contract liabilities	19,467,301	17,201,158	19,467,301	17,201,158
- Current portion of long-term borrowings				
from financial institution	-	5,754,018	-	5,754,018
- Lease liabilities	776,902	1,145,774	776,902	1,145,774
	610,774,035	436,340,198	610,072,028	435,232,780

12 Financial assets and financial liabilities (Cont'd)

12.1 Other financial assets at amortised cost

a) Classification of financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

Financial assets at amortised cost other than trade receivables include the following debt investments and other receivables:

	Consolidated financial statements					
	31 December 2021			31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Other receivables	17,178,023	-	17,178,023	-	-	-
Fixed deposit with maturities over three months	30,099,271	-	30,099,271	-	-	-
Total	47,277,294	-	47,277,294	-	-	-
	Separate financial statements					
	31 December 2021			31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Other receivables	17,759,015	-	17,759,015	570,950	-	570,950
Fixed deposit with maturities over three months	30,099,271	-	30,099,271	-	-	-
Total	47,858,286	-	47,858,286	570,950	-	570,950

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group, collateral is not normally obtained.

12 Financial assets and financial liabilities (Cont'd)**12.2 Financial assets at fair value through other comprehensive income****a) Classification of financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income (FVOCI) are as follows:

- equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category.

Financial assets at FVOCI are as follows:

	Consolidated financial statements	
	2021	2020
	Baht	Baht
Non-current assets		
Investments in equity investments		
- Listed securities	29,625,307	25,088,980
Total	29,625,307	25,088,980

b) Amounts recognised in profit or loss and other comprehensive income

The following gains/(losses) were recognised in profit or loss and other comprehensive income during the year as follows:

	Consolidated financial statements	
	2021	2020
	Baht	Baht
Gains/(losses) recognised in other comprehensive income		
- Related to equity investment	4,536,327	(6,843,218)
Dividends from equity investments at FVOCI recognised in profit or loss in other income (Note 28)		
- Related to investments held at the end of the reporting period	350,828	383,191

13 Inventories (net)

Inventories (net) as at 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Raw material	289,061,196	165,120,659	289,061,196	165,120,659
Work in progress	52,905,857	38,928,670	52,905,857	38,928,670
Finished goods	464,656,989	227,744,340	462,295,326	223,616,757
Spare parts and supplies	76,767,297	76,909,954	76,767,297	76,909,954
	883,391,339	508,703,623	881,029,676	504,576,040
<u>Less</u> Allowance for obsolete and defective				
- Raw materials	(1,330,833)	(311,029)	(1,330,833)	(311,029)
- Finished goods	(6,714,558)	(4,489,019)	(6,698,033)	(4,472,494)
- Spare parts and supplies	(8,450,198)	(8,232,703)	(8,450,198)	(8,232,703)
<u>Less</u> Allowance for actual cost in excess				
of net realisable value - Finished goods	(2,023,415)	(435,816)	(2,023,415)	(435,816)
	864,872,335	495,235,056	862,527,197	491,123,998
Goods in transit	105,548,264	39,589,102	105,548,264	39,589,102
Total inventories (net)	970,420,599	534,824,158	968,075,461	530,713,100

During the years ended 31 December 2021 and 2020, amounts recognised as cost of sales in profit or loss are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Cost of sales and cost of services	2,734,049,968	2,039,592,781	2,723,204,222	2,028,587,892
Allowance for obsolete and defective	8,211,617	4,060,672	8,211,617	4,269,646
Allowance for actual cost in excess				
of net realisable value (reversal)	1,587,599	(65,857)	1,587,599	(65,857)

The Group sold inventory, which was previously written-down, to a customer at original cost. Therefore, the Group reversed the allowance for net realisable value during the year.

14 Other current assets (net)

Other current assets (net) as at 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Tax receivable (net)	7,437,453	3,314,174	7,437,453	3,314,174
Value added tax receivable	19,199,943	10,839,538	16,028,731	8,166,989
Undue input tax	3,770,334	2,412,221	3,770,124	2,412,221
Others	2,188,034	1,219,162	2,188,995	1,224,739
Total other current assets (net)	32,595,764	17,785,095	29,425,303	15,118,123

15 Investment in subsidiaries (net)

Investment in subsidiaries (net) as at 31 December 2021 and 2020 are as follows:

Entity name	Country of incorporation	Nature of business	Ownership interest held by		Voting rights		Investment at cost method	
			Company					
			2021	2020	2021	2020	2021	2020
			(%)	(%)	(%)	(%)	Baht	Baht
HFT Holding Co., Ltd.	Thailand	Investment in bonds and securities, wholesale and retail trading of tires and tubes and equipment	100	100	100	100	65,557,214	65,557,214
PT. Hwa Fong Rubber Indonesia	Indonesia	Manufacture and distribution of tire and tube for bicycle and motorcycle	100	100	100	100	346,698,000	346,698,000
Total							412,255,214	412,255,214

16 Investment in an associate

Investment in an associate as at 31 December 2021 and 2020 are as follows:

Entity name	Country of incorporation	Nature of business	Consolidated		Separate	
			financial statements		financial statements	
			Ownership interest held by		Investment at	
			Company		equity method	cost method
			2021	2020	2021	2020
			(%)	(%)	Baht	Baht
The Asent (Thailand) Co., Ltd.	Thailand	(1)	43	43	1,185,090	1,184,963
Total					1,185,090	1,184,963

(1) International trading of bicycles and motorcycles.

16 Investment in an associate (Cont'd)

The movements of investment in an associate for the years ended 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	Investment at		Investment at	
	equity method		cost method	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Opening net book amount	1,184,963	1,184,739	1,161,000	1,161,000
Share of profit from an associate	127	224	-	-
Closing net book amount	1,185,090	1,184,963	1,161,000	1,161,000

The Ascent (Thailand) Co., Ltd. is a limited company and the company's stock has no quoted price in the market.

The Company was registered for dissolution on 27 February 2018. As at 31 December 2021, the liquidation has not been completed.

The Group has no contingent liability arise from interest of investment in an associate.

17 Investment property

The movements of investment property for the years ended 31 December 2021 and 2020 are as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Baht	2020 Baht	2021 Baht	2020 Baht
Opening balance at 1 January	217,018,408	220,787,694	-	-
Currency translation differences recognised in other comprehensive income	21,421,938	(3,769,286)	-	-
Closing balance at 31 December	238,440,346	217,018,408	-	-

Investment property held by the Group consists of land which measured by fair value.

The fair value of investment property is based on the selling price comparison approach. The Group evaluated the valuation of investment property by independent valuation experts ("Independent Appraiser") in 2020 which independent appraiser is certified according to professional standard and has an experience in appraising the selling price in the same type of property and in the same location as or near that investment property.

Fair value measurement is classified as level 3 of fair value hierarchy levels and the Group does not change the valuation techniques during the year.

As at 31 December 2021 and 2020, the Group does not have any income and expenses related to investment property because the Group's management is still considering the objective at the investment property.

18 Property, plant and equipment (net)

The movements of property, plant and equipment (net) for the years ended 31 December 2021 and 2020 are as follows:

	Consolidated financial statements						
	Land	Buildings and building improvement	Plant and machinery	Office equipment, furniture and fixtures	Vehicles	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2020							
Cost	319,126,782	542,303,622	2,125,767,277	15,742,034	30,472,924	213,680,070	3,247,092,709
Less Accumulated depreciation	-	(214,301,003)	(1,640,244,813)	(13,581,662)	(15,826,498)	-	(1,883,953,976)
Net book amount	319,126,782	328,002,619	485,522,464	2,160,372	14,646,426	213,680,070	1,363,138,733
For the year ended 31 December 2020							
Opening net book amount	319,126,782	328,002,619	485,522,464	2,160,372	14,646,426	213,680,070	1,363,138,733
Additions	-	3,375,612	28,913,896	1,439,533	455,000	236,515,227	270,699,268
Disposals - cost	-	(432,822)	(8,506,704)	(259,236)	(2,038,640)	-	(11,237,402)
- accumulated depreciation	-	352,813	8,488,962	258,268	1,736,466	-	10,836,509
Transfer in (out)	-	-	1,199,518	-	-	(1,199,518)	-
Depreciation charge	-	(16,114,522)	(75,740,534)	(1,034,753)	(2,462,447)	-	(95,352,256)
Closing net book amount	319,126,782	315,183,700	439,877,602	2,564,184	12,336,805	448,995,779	1,538,084,852
At 31 December 2020							
Cost	319,126,782	545,246,412	2,147,373,987	16,922,331	28,889,284	448,995,779	3,506,554,575
Less Accumulated depreciation	-	(230,062,712)	(1,707,496,385)	(14,358,147)	(16,552,479)	-	(1,968,469,723)
Net book amount	319,126,782	315,183,700	439,877,602	2,564,184	12,336,805	448,995,779	1,538,084,852

18 Property, plant and equipment (net) (Cont'd)

The movements of property, plant and equipment (net) for the years ended 31 December 2021 and 2020 are as follows: (Cont'd)

	Consolidated financial statements						
	Land	Buildings and building improvement	Plant and machinery	Office equipment, furniture and fixtures	Vehicles	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
For the year ended 31 December 2021							
Opening net book amount	319,126,782	315,183,700	439,877,602	2,564,184	12,336,805	448,995,779	1,538,084,852
Additions	-	6,262,138	45,290,746	3,637,854	238,000	69,094,552	124,523,290
Disposals - cost	-	-	(7,174,521)	(1,673,723)	(185,000)	-	(9,033,244)
- accumulated depreciation	-	-	7,138,339	1,673,525	150,095	-	8,961,959
Write-off - cost	-	-	(15,643)	(54,678)	-	-	(70,321)
- accumulated depreciation	-	-	14,986	54,366	-	-	69,352
Transfer in (out)	-	159,850,122	33,371,867	-	-	(193,221,989)	-
Depreciation charge	-	(18,432,520)	(77,013,998)	(1,430,146)	(1,961,815)	-	(98,838,479)
Closing net book amount	319,126,782	462,863,440	441,489,378	4,771,382	10,578,085	324,868,342	1,563,697,409
At 31 December 2021							
Cost	319,126,782	711,358,672	2,218,846,436	18,831,784	28,942,284	324,868,342	3,621,974,300
<u>Less</u> Accumulated depreciation	-	(248,495,232)	(1,777,357,058)	(14,060,402)	(18,364,199)	-	(2,058,276,891)
Net book amount	319,126,782	462,863,440	441,489,378	4,771,382	10,578,085	324,868,342	1,563,697,409

18 Property, plant and equipment (net) (Cont'd)

The movements of property, plant and equipment (net) for the years ended 31 December 2021 and 2020 are as follows: (Cont'd)

	Separate financial statements						Total Baht
	Land	Buildings and building improvement	Plant and machinery	Office equipment, furniture and fixtures	Vehicles	Construction in progress	
	Baht	Baht	Baht	Baht	Baht	Baht	
At 1 January 2020							
Cost	319,126,782	542,303,622	2,125,767,277	15,742,034	30,472,924	213,680,070	3,247,092,709
<u>Less</u> Accumulated depreciation	-	(214,301,003)	(1,640,244,813)	(13,581,662)	(15,826,498)	-	(1,883,953,976)
Net book amount	319,126,782	328,002,619	485,522,464	2,160,372	14,646,426	213,680,070	1,363,138,733
For the year ended 31 December 2020							
Opening net book amount	319,126,782	328,002,619	485,522,464	2,160,372	14,646,426	213,680,070	1,363,138,733
Additions	-	3,375,612	28,913,896	1,439,533	455,000	236,515,227	270,699,268
Disposals - cost	-	(432,822)	(8,506,704)	(259,236)	(2,038,640)	-	(11,237,402)
- accumulated depreciation	-	352,813	8,488,962	258,268	1,736,466	-	10,836,509
Transfer in (out)	-	-	1,199,518	-	-	(1,199,518)	-
Depreciation charge	-	(16,114,522)	(75,740,534)	(1,034,753)	(2,462,447)	-	(95,352,256)
Closing net book amount	319,126,782	315,183,700	439,877,602	2,564,184	12,336,805	448,995,779	1,538,084,852
At 31 December 2020							
Cost	319,126,782	545,246,412	2,147,373,987	16,922,331	28,889,284	448,995,779	3,506,554,575
<u>Less</u> Accumulated depreciation	-	(230,062,712)	(1,707,496,385)	(14,358,147)	(16,552,479)	-	(1,968,469,723)
Net book amount	319,126,782	315,183,700	439,877,602	2,564,184	12,336,805	448,995,779	1,538,084,852

18 Property, plant and equipment (net) (Cont'd)

The movements of property, plant and equipment (net) for the years ended 31 December 2021 and 2020 are as follows: (Cont'd)

	Separate financial statements						Total Baht
	Land Baht	Buildings and building improvement Baht	Plant and machinery Baht	Office equipment, furniture and fixtures Baht	Vehicles Baht	Construction in progress Baht	
For the year ended 31 December 2021							
Opening net book amount	319,126,782	315,183,700	439,877,602	2,564,184	12,336,805	448,995,779	1,538,084,852
Additions	-	6,262,138	45,290,746	3,637,854	238,000	69,094,552	124,523,290
Disposals - cost	-	-	(7,174,521)	(1,673,723)	(185,000)	-	(9,033,244)
- accumulated depreciation	-	-	7,138,339	1,673,525	150,095	-	8,961,959
Write-off - cost	-	-	(15,643)	(54,678)	-	-	(70,321)
- accumulated depreciation	-	-	14,986	54,366	-	-	69,352
Transfer in (out)	-	159,850,122	33,371,867	-	-	(193,221,989)	-
Depreciation charge	-	(18,432,520)	(77,013,998)	(1,430,146)	(1,961,815)	-	(98,838,479)
Closing net book amount	319,126,782	462,863,440	441,489,378	4,771,382	10,578,085	324,868,342	1,563,697,409
At 31 December 2021							
Cost	319,126,782	711,358,672	2,218,846,436	18,831,784	28,942,284	324,868,342	3,621,974,300
<u>Less</u> Accumulated depreciation	-	(248,495,232)	(1,777,357,058)	(14,060,402)	(18,364,199)	-	(2,058,276,891)
Net book amount	319,126,782	462,863,440	441,489,378	4,771,382	10,578,085	324,868,342	1,563,697,409

18 Property, plant and equipment (net) (Cont'd)

As at 31 December 2021 and 2020, right-of-use asset balance presented as a part of property, plant and equipment are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Vehicle	3,912,512	3,912,512	3,912,512	3,912,512
<u>Less</u> Accumulated depreciation	(1,204,354)	(809,040)	(1,204,354)	(809,040)
Total	2,708,158	3,103,472	2,708,158	3,103,472

As at 31 December 2020, the Group have mortgaged land with structure which had the carrying value totaling Baht 206.98 million in the consolidated and separate financial statements as collateral for a long-term loan from financial institution, as explained in Note 21. The Group repaid all long-term loans from financial institution on 1 January 2021 and redeemed the mortgaged land with structure totaling Baht 206.98 million from mortgage in loan facility agreement of Baht 1,000 million on 21 May 2021.

19 Intangible assets (net)

The movements of intangible assets (net) for the years ended 31 December 2021 and 2020 are as follows:

	Consolidated financial statements	Separate financial statements
	Computer software Baht	Computer software Baht
At 1 January 2020		
Cost	7,737,976	7,682,976
<u>Less</u> Accumulated amortisation	(6,507,199)	(6,476,008)
Net book amount	1,230,777	1,206,968
For the year ended 31 December 2020	1,230,777	1,206,968
Opening net book amount	440,000	440,000
Amortisation charge	(416,788)	(411,288)
Closing net book amount	1,253,989	1,235,680
At 31 December 2020		
Cost	8,177,976	8,122,976
<u>Less</u> Accumulated amortisation	(6,923,987)	(6,887,296)
Net book amount	1,253,989	1,235,680
For the year ended 31 December 2021		
Opening net book amount	1,253,989	1,235,680
Additions	540,027	540,027
Amortisation charge	(437,369)	(431,869)
Closing net book amount	1,356,647	1,343,838
At 31 December 2021		
Cost	8,718,003	8,663,003
<u>Less</u> Accumulated amortisation	(7,361,356)	(7,319,165)
Net book amount	1,356,647	1,343,838

19 Intangible assets (net) (Cont'd)

Amortisation recognised in profit and loss that are related to intangible assets for the years ended 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Cost of goods sold	121,877	95,902	121,877	95,902
Administrative expense	315,492	320,886	309,992	315,386
	437,369	416,788	431,869	411,288

20 Deferred tax assets (liabilities)

The analysis of deferred tax assets (liabilities) is as follows:

As at 31 December 2021 and 2020, deferred tax assets and deferred tax liabilities presented by net taxable entities comprised the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Deferred tax assets	41,250,839	39,578,507	41,250,839	39,578,507
Deferred tax liabilities	(3,461,544)	(3,421,707)	(3,461,544)	(3,421,707)
Deferred tax asset (net)	37,789,295	36,156,800	37,789,295	36,156,800

The movements of deferred tax assets (liabilities) are as follows:

	Consolidated financial statements				
	Impairment on financial assets Baht	Allowance for net realisable value Baht	Employee benefit obligation Baht	Allowance for unclaim duties Baht	Total Baht
Deferred tax assets					
At 1 January 2020	22,808,462	2,931,334	12,769,555	22,323	38,531,674
(Charged)/credited to profit or loss (Note 30)	272,331	(79,238)	832,303	21,437	1,046,833
At 31 December 2020	23,080,793	2,852,096	13,601,858	43,760	39,578,507
At 1 January 2021	23,080,793	2,852,096	13,601,858	43,760	39,578,507
Credited to profit or loss (Note 30)	225,893	798,408	628,783	19,248	1,672,332
At 31 December 2021	23,306,686	3,650,504	14,230,641	63,008	41,250,839

	Consolidated financial statements	
	Difference of depreciation between tax base and accounting base	Total
	Baht	Baht
Deferred tax liabilities:		
At 1 January 2020	(3,135,261)	(3,135,261)
Charged to profit or loss (Note 30)	(286,446)	(286,446)
At 31 December 2020	(3,421,707)	(3,421,707)
At 1 January 2021	(3,421,707)	(3,421,707)
Charged to profit or loss (Note 30)	(39,837)	(39,837)
At 31 December 2021	(3,461,544)	(3,461,544)

20 Deferred tax assets (liabilities) (Cont'd)

The movements of deferred tax assets (liabilities) are as follows: (Cont'd)

	Separate financial statements				
	Impairment on financial assets Baht	Allowance for net realisable value Baht	Employee benefit obligation Baht	Allowance for unclaim duties Baht	Total Baht
Deferred tax assets					
At 1 January 2020	22,808,462	2,931,334	12,769,555	22,323	38,531,674
(Charged)/credited to profit or loss (Note 30)	272,331	(79,238)	832,303	21,437	1,046,833
At 31 December 2020	23,080,793	2,852,096	13,601,858	43,760	39,578,507
At 1 January 2021	23,080,793	2,852,096	13,601,858	43,760	39,578,507
Credited to profit or loss (Note 30)	225,893	798,408	628,783	19,248	1,672,332
At 31 December 2021	23,306,686	3,650,504	14,230,641	63,008	41,250,839

	<div> <div>Separate</div> <div>financial statements</div> </div>	
	<div> <div>Difference of</div> <div>depreciation</div> <div>between tax</div> <div>base and</div> <div>accounting</div> <div>base</div> <div>Baht</div> </div>	<div> <div>Total</div> <div>Baht</div> </div>
Deferred tax liabilities:		
At 1 January 2020	(3,135,261)	(3,135,261)
Charged to profit or loss (Note 30)	(286,446)	(286,446)
At 31 December 2020	(3,421,707)	(3,421,707)
At 1 January 2021	(3,421,707)	(3,421,707)
Charged to profit or loss (Note 30)	(39,837)	(39,837)
At 31 December 2021	(3,461,544)	(3,461,544)

20 Deferred tax assets (liabilities) (Cont'd)

As at 31 December 2021 and 2020, the Group has the unused tax but no deferred tax assets are recognised in the statement of financial position because the Group's managements considered that it is not probable the Group future taxable profit which the deferred tax assets can be utilised.

The unused tax losses comprise the following:

	Consolidated	
	financial statements	
	2021	2020
	Baht	Baht
<u>Unused tax losses</u>		
Tax losses expired 2021	-	279,714
Tax losses expired 2023	1,845,746	2,933,573
Tax losses expired 2024	4,133,955	4,133,955
Tax losses expired 2025	471,640	471,640
Tax losses expired 2026	429,140	-

21 Borrowings

Borrowings as at 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Current				
Current portion of long-term borrowings				
Borrowings from a financial institution	-	5,754,018	-	5,754,018
Lease liabilities	393,382	368,872	393,382	368,872
Total current borrowings	393,382	6,122,890	393,382	6,122,890
Non-current				
Lease liabilities	383,520	776,902	383,520	776,902
Total non-current borrowings	383,520	776,902	383,520	776,902
Total borrowings	776,902	6,899,792	776,902	6,899,792

As at 31 December 2020, long-term loans from financial institution with credit facilities amounting to Baht 1,000 million with bear interest rate in the first 2 years equivalent to MLR-3.725% per annum and the third year onwards equivalent to MLR-3.525% per annum.

As at 31 December 2020, the Group utilised the credit facilities amounting to Baht 146.70 million with credit facilities availability amounting to Baht 853.30 million. These long-term loans are due for repayment within January 2021 and secured by land located of factory 3 including construction building and machinery under installation of the factory 3.

The Group repaid all long-term loans from financial institution on 1 January 2021 and redeemed the mortgaged land with structure totaling Baht 206.98 million from mortgage in loan facility agreement of Baht 1,000 million on 21 May 2021.

21 Borrowings (Cont'd)

The effective interest rates at the statements of financial position date were as follows:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	%	%	%	%
Borrowings from a financial institution	-	3.35	-	3.35
Finance lease liabilities	6.45	6.45	6.45	6.45

Due to the short-term nature of the current portion of long-term borrowings from financial institution and lease liabilities, their carrying amount is considered to be the same as their fair value. For the majority of the non-current portion of long-term borrowings from financial institution and lease liabilities, the fair value are also not significantly different to their carrying amount.

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht

Maturity of long-term borrowings:

Between 1 and 2 years	-	5,754,018	-	5,754,018
Total long-term borrowings	-	5,754,018	-	5,754,018

Minimum lease payments of lease liabilities:

Not later than one year	432,000	432,000	432,000	432,000
Later than 1 year but not later than 5 years	396,000	828,000	396,000	828,000
	828,000	1,260,000	828,000	1,260,000
<u>Less</u> Future finance charges on leases	51,098	114,226	51,098	114,226

Present value of lease liabilities	776,902	1,145,774	776,902	1,145,774
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Lease liabilities:

- Current	393,382	368,872	393,382	368,872
- Non-current	383,520	776,902	383,520	776,902
	776,902	1,145,774	776,902	1,145,774

Present value of lease liabilities:

Not later than one year	393,382	368,872	393,382	368,872
Later than 1 year but not later than 5 years	383,520	776,902	383,520	776,902
	776,902	1,145,774	776,902	1,145,774

22 Trade and other payables

Trade and other payables as at 31 December 2021 and 2020 are as follows:

		Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
		Baht	Baht	Baht	Baht
Trade accounts payable	- others	395,833,388	255,108,851	395,833,388	255,108,851
	- related parties				
	(Note 33.3)	5,875,541	2,200,173	5,875,541	2,200,173
Other accounts payable	- others	25,283,290	23,782,279	24,883,937	23,186,724
	- related parties				
	(Note 33.3)	60,133,437	29,162,327	60,142,158	29,193,721
Payables on fixed assets	- others	21,259,009	27,650,207	21,259,009	27,650,207
	- related parties				
	(Note 33.3)	1,434,054	430,779	1,434,054	430,779
Accrued salary and bonus		74,482,407	68,926,299	74,482,407	68,926,299
Retention		9,708,692	9,419,347	9,708,692	9,419,347
Accrued dividend		430,148	414,289	430,148	414,289
Accrued expenses		12,019,242	7,530,938	11,707,867	6,987,681
Total trade and other payables		606,459,208	424,625,489	605,757,201	423,518,071

23 Liabilities relating to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

		Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
		Baht	Baht	Baht	Baht
Contract liabilities					
- Current		56,576,728	52,646,422	56,576,728	52,646,422
- Non-current		-	-	-	-
Total contract liabilities		56,576,728	52,646,422	56,576,728	52,646,422

23 Liabilities relating to contracts with customers (Cont'd)

The Group has recognised the following liabilities related to contracts with customers:

Significant changes in contract liabilities

Contract liabilities for expected volume discounts and customer loyalty programme contracts have increased by Baht 3,930,306 following the amendment of discount agreements to boost sales both domestically and internationally.

Revenue recognised in relation to contract liabilities

Revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

Consolidated		Separate	
financial statements		financial statements	
2021	2020	2021	2020
Baht	Baht	Baht	Baht

Revenue recognised that was included in the contract liability balance at the beginning of the period

- Advance receipt from customers	27,202,151	10,573,052	27,202,151	10,573,052
- Customer loyalty programme	6,774,531	8,356,522	6,774,531	8,356,522

24 Employee benefit obligations

Employee benefit obligations as at 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Statements of financial position:				
Retirement benefits	71,153,202	68,009,290	71,153,202	68,009,290
Liability in the statements of financial position	71,153,202	68,009,290	71,153,202	68,009,290
Profit or loss charge included in operating profit for:				
Retirement benefits	5,987,548	5,881,409	5,987,548	5,881,409

Retirement benefits

The plans are retirement benefit plans. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The movements of the employee benefit obligations for the years ended 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
At 1 January	68,009,290	63,847,772	68,009,290	63,847,772
Current service cost	4,759,037	4,692,502	4,759,037	4,692,502
Interest expense	1,228,511	1,188,907	1,228,511	1,188,907
	73,996,838	69,729,181	73,996,838	69,729,181
Payment from plans				
Benefit payment	(2,843,636)	(1,719,891)	(2,843,636)	(1,719,891)
At 31 December	71,153,202	68,009,290	71,153,202	68,009,290

24 Employee benefit obligations (Cont'd)

The significant actuarial assumptions used are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	%	%	%	%
Discount rate	1.80	1.80	1.80	1.80
Inflation rate	2.75	2.75	2.75	2.75
Salary growth rate	5	5	5	5

Sensitivity analysis for each significant assumption used is as follows:

	Consolidated financial statements					
	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2021	2020	2021	2020	2021	2020
Discount rate	1%	1%	Decrease by 9.82%	Decrease by 10.33%	Increase by 11.46%	Increase by 12.10%
Salary growth rate	1%	1%	Increase by 9.84%	Increase by 9.48%	Decrease by 8.49%	Decrease by 8.21%
	Separate financial statements					
	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2021	2020	2021	2020	2021	2020
Discount rate	1%	1%	Decrease by 9.82%	Decrease by 10.33%	Increase by 11.46%	Increase by 12.10%
Salary growth rate	1%	1%	Increase by 9.84%	Increase by 9.48%	Decrease by 8.49%	Decrease by 8.21%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the retirement benefits recognised in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 16 years (2020: 16 years)

24 Employee benefit obligations (Cont'd)

Expected maturity analysis of undiscounted retirement benefits are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Retirement benefits				
Within 1 year	1,736,830	1,432,436	1,736,830	1,432,436
Later than 1 year but not later than 2 years	6,197,406	3,882,754	6,197,406	3,882,754
Later than 2 year but not later than 5 years	7,826,006	8,062,147	7,826,006	8,062,147
Later than 5 years	61,396,873	65,212,214	61,396,873	65,212,214
Total	77,157,115	78,589,551	77,157,115	78,589,551

25 Share capital and premium on share capital

The movements of share capital and premium on share capital for the years ended 31 December 2021 and 2020 are as follows:

	Number of Shares	Ordinary Shares	Share Premium	Surplus on	
				Treasury	Total
	Shares	Baht	Baht	Shares Baht	Baht
At 1 January 2020	658,434,300	658,434,300	222,105,000	7,429,904	887,969,204
Issue of shares	-	-	-	-	-
At 31 December 2020	658,434,300	658,434,300	222,105,000	7,429,904	887,969,204
Issue of shares	-	-	-	-	-
At 31 December 2021	658,434,300	658,434,300	222,105,000	7,429,904	887,969,204

As at 31 December 2021 and 2020, the total authorised number ordinary shares are 658,434,300 shares with a par value of Baht 1 per share. All issued shares are fully paid-up.

26 Legal reserve

The movements of the legal reserve for the years ended 31 December 2021 and 2020 is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
At 1 January	65,843,430	65,843,430	65,843,430	65,843,430
Appropriation during the year	-	-	-	-
At 31 December	65,843,430	65,843,430	65,843,430	65,843,430

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

27 Promotional privileges

As at 31 December 2021 and 2020, the outstanding unexpired promotional privileges are as follows:

BOI certificate	Date of approval	Products	Income first derived date	Exemptional payment of corporate income tax privileges	Significant privileges*				
					1	2	3	4	5
2315(1)/2555	11 September 2012	Motorcycle tire	1 October 2015	30 September 2028	✓	✓	✓	-	✓
61-0293-1-00-1-0	13 March 2018	Bicycle tire and bicycle tube	1 October 2019	30 September 2027	✓	-	-	✓	✓

* Significant privileges

- 1) Exemption from payment of import duty on machinery approved by the Board;
- 2) Exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations
- 3) A 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (2) above.
- 4) Exemption from payment of corporate income tax totally not in excess of 100% of the investment amount excluding cost of land and working capital. This privilege is due for expiration within a period of 8 years from the date of income is firstly derived.
- 5) Exemption from including the dividend income received from exemptional income tax entity as taxable income in corporate income tax calculation throughout the period of income tax exemption of the Company.

In addition, the Group must comply with certain conditions and restrictions provided in the promotional certificates.

27 Promotional privileges (Cont'd)

The Group has the revenue for the years ended 31 December 2021 and 2020 which is classified as revenue under corporate income tax exemption and non-corporate income tax exemption as follows:

	Consolidated financial statements					
	2021			2020		
	BOI	NON-BOI	Total	BOI	NON-BOI	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Export sales	416,517,100	2,140,484,467	2,557,001,567	282,982,324	1,562,141,991	1,845,124,315
Domestic sales	256,512,416	613,289,862	869,802,278	272,217,007	547,490,342	819,707,349
Total	673,029,516	2,753,774,329	3,426,803,845	555,199,331	2,109,632,333	2,664,831,664
	Separate financial statements					
	2021			2020		
	BOI	NON-BOI	Total	BOI	NON-BOI	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Export sales	416,517,100	2,130,533,044	2,547,050,144	282,982,324	1,552,441,638	1,835,423,962
Domestic sales	256,512,416	611,045,897	867,558,313	272,217,007	545,207,877	817,424,884
Total	673,029,516	2,741,578,941	3,414,608,457	555,199,331	2,097,649,515	2,652,848,846

28 Other income

Other income for the years ended 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Interest income	2,373,559	5,662,640	2,295,143	5,574,037
Rental income	-	-	120,000	120,000
Gain on sales of assets (net)	126,224	275,906	126,224	275,906
Dividend income	350,828	383,191	-	-
Others	4,907,019	3,223,584	5,020,577	3,329,252
Total other income	7,757,630	9,545,321	7,561,944	9,299,195

29 Expense by nature

The following significant expenditures, classified by nature for the years ended 31 December 2021 and 2020, have been charged in arriving at profit (loss) before finance costs and income tax:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Changes in inventories of finished goods				
and work in process	(250,889,836)	42,784,786	(252,655,756)	42,778,708
Raw material and consumables used	1,803,464,491	1,070,109,168	1,803,464,491	1,070,109,168
Employee benefit expense	647,640,859	525,386,156	647,640,859	525,386,156
Depreciation and amortisation	99,275,848	95,769,044	99,270,348	95,763,544
Transportation expense	70,984,207	46,347,213	70,927,990	46,287,093
Utility expense	200,722,237	152,182,616	200,722,237	152,182,616
Packing expense	96,196,025	77,561,505	96,196,025	77,561,505
Repair and maintenance expense	48,935,435	38,865,879	48,935,435	38,865,879

30 Income tax expense

Income tax expense for the years ended 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Current tax:				
Current tax on profits for the year	101,914,476	83,339,317	101,914,476	83,339,317
Adjustments in respect of prior year	16,431	(97,665)	16,431	(97,665)
Total current tax	101,930,907	83,241,652	101,930,907	83,241,652
Deferred tax:				
Increase in deferred tax assets (Note 20)	(1,672,332)	(1,046,833)	(1,672,332)	(1,046,833)
Increase in deferred tax liability (Note 20)	39,837	286,446	39,837	286,446
Total deferred tax	(1,632,495)	(760,387)	(1,632,495)	(760,387)
Total income tax expense	100,298,412	82,481,265	100,298,412	82,481,265

30 Income tax expense (Cont'd)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Profit before tax	561,180,305	495,102,344	560,163,986	494,694,568
Tax calculated at a tax rate of 20%	112,236,061	99,020,469	112,032,797	98,938,914
Tax effect of:				
Profit under BOI certificate subject to exempt income tax	(11,316,194)	(16,212,033)	(11,316,194)	(16,212,033)
Expenses not deducted for tax purpose	339,447	709,606	339,413	690,885
Income not subject to tax and expenses additionally deductible for tax purpose	(781,622)	(866,820)	(774,035)	(838,836)
Utilisation of previously unrecognised tax losses	(274,395)	(163,594)	-	-
Difference in overseas tax rate	26,684	31,790	-	-
Tax losses of subsidiary for which no deferred income tax asset was recognised	52,000	59,512	-	-
Adjustment in respect of prior year	16,431	(97,665)	16,431	(97,665)
Income tax	100,298,412	82,481,265	100,298,412	82,481,265

31 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Basic earnings per shares for the years ended 31 December 2021 and 2020 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Basic earnings per share				
Net profit attributable to ordinary shareholders (Baht)	460,881,893	412,621,079	459,865,574	412,213,303
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (Share)	658,434,300	658,434,300	658,434,300	658,434,300
Basic earnings per share attributable to the ordinary equity holders of the Company (Baht per share)	0.70	0.63	0.70	0.63

There are no potential dilutive ordinary shares in issue for during 2021 and 2020.

32 Dividends per share

At the Annual General Meeting No. 1/2021 on 23 April 2021, the shareholders approved the payment of annual dividend from net profit for year 2020 at Baht 0.315 per share, totalling Baht 207,406,805.

At the Annual General Meeting No. 1/2020 on 11 May 2020, the shareholders approved the payment of annual dividend from net profit for year 2019 at Baht 0.145 per share, totalling Baht 95,472,974.

33 Related party transactions

33.1 The Company and related parties

As at 31 December 2021, the majority of the Company's shares are held by Hwa Fong Rubber Industries Co., Ltd. by 50.42% (2020: 50.42%) of the Company's authorised share capital. The significant investments in subsidiaries are set out in Note 15.

The relationships between the Company and related parties that are transacted with are as follows:

Company name	Country of incorporation	Relationship
Sumitomo Rubber Industries Limited	Japan	Shareholding in Parent
Hwa Fong Rubber Industries Co., Ltd.	Taiwan	Parent
HFT Holding Co., Ltd.	Thailand	Subsidiary
PT. Hwa Fong Rubber Indonesia	Indonesia	Subsidiary
The Ascent (Thailand) Co., Ltd.	Thailand	Associate
Hwa Fong Rubber (U.S.A.) Inc.	United States of America	Subsidiary of Parent
Hwa Zhong (B.V.I.) Holding Corp.	British Virgin Island	Subsidiary of Parent
HFR Holding Corp.	China	Subsidiary of Parent
Hwa Fong Rubber (Hong Kong) Ltd.	Hong Kong	Subsidiary of Parent
Hwa Fong Rubber (Singapore) Holding PTE Ltd.	Singapore	Subsidiary of Parent
Sino Hwa Fong Enterprise Co., Ltd.	Taiwan	Subsidiary of Parent
Sino Hwa Fong Biotechnology Co., Ltd.	Taiwan	Subsidiary of Parent
Hwa Fong Rubber (China) Co., Ltd.	China	Subsidiary of Parent
Hwa Fong Distribution Co., Ltd.	Taiwan	Subsidiary of Parent
Hwa Fong Rubber (Suzhou) Co., Ltd.	China	Indirect subsidiary of Parent

33 Related party transactions (Cont'd)

33.2) Transactions with related parties

Transactions with related parties are as follows:

	Consolidated		Separate		
	financial statements		financial statements		
	2021	2020	2021	2020	
	Baht	Baht	Baht	Baht	Pricing policies
Sales of goods and services					
Parent	16,769,919	11,054,683	16,769,919	11,054,683	Market price
Other related parties					
- Subsidiaries of parent	62,374,898	58,795,494	62,374,898	58,795,494	Market price
- Shareholding in parent	79,466,500	74,691,352	79,466,500	74,691,352	Market price
Sales of raw materials					
Parent	73,990	3,001,976	73,990	3,001,976	Market price
Purchases of raw materials					
Parent	20,985,212	13,917,339	20,985,212	13,917,339	Market price
Purchases of spare parts and equipment					
Parent	6,192,026	5,883,879	6,192,026	5,883,879	Market price
Other related parties					
- Subsidiaries of parent	-	1,863	-	1,863	Market price
Purchases of machinery					
Parent	377,923	2,274,261	377,923	2,274,261	Market price
Other related parties					
- Subsidiaries of parent	1,763,798	6,299,577	1,763,798	6,299,577	Market price
Purchases of merchandise					
Subsidiaries	-	-	102,290	414,563	Market price

33 Related party transactions (Cont'd)

33.2 Transactions with related parties (Cont'd)

Transactions with related parties are as follows: (Cont'd)

	Consolidated		Separate		
	financial statements		financial statements		
	2021	2020	2021	2020	
	Baht	Baht	Baht	Baht	Pricing policies
Technical assistance fee					
Parent	31,173,565	19,270,339	31,173,565	19,270,339	Contractual price
Trademark fee					
Parent	24,664,605	17,207,066	24,664,605	17,207,066	Contractual price
Other related parties					
- Shareholding in parent	1,875,191	1,653,242	1,875,191	1,653,242	Contractual price
Other income					
Subsidiaries	-	-	233,707	225,720	Contractual price
Other expenses					
Parent	1,368,734	1,343,255	1,368,734	1,343,255	Market price

As at 1 June 2020, the Company has amended Technical Aid Agreement and Trademark License Agreement.

For the technical aid, calculated by 1% of revenue from sales of goods provided technical service from the service provider (parent company) (previous agreement: fixed rate amounting to USD 200,000 per year). For the trademark license, calculated by 2% of revenue from sales of goods (previous agreement: 0.5% of revenue from sales of goods). The agreement is effective from 1 June 2020 onwards.

33 Related party transactions (Cont'd)

33.3) Outstanding balances arising from sales and purchases of goods and services

The outstanding balances as at 31 December 2021 and 2020 in relation to transactions with related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Trade accounts receivable				
Parent	2,423,614	3,861,783	2,423,614	3,861,783
Other related parties				
- Subsidiaries of parent	14,600,785	13,087,299	14,600,785	13,087,299
- Shareholding in parent	5,730,304	4,422,520	5,730,304	4,422,520
Total	22,754,703	21,371,602	22,754,703	21,371,602
Other accounts receivable				
Subsidiaries	-	-	580,992	570,950
Other related parties				
- Indirect subsidiary of parent	17,178,023	-	17,178,023	-
Total	17,178,023	-	17,759,015	570,950
Trade accounts payable				
Parent	5,875,541	2,200,173	5,875,541	2,200,173
Other accounts payable				
Parent	59,273,373	28,208,554	59,273,373	28,208,554
Subsidiaries	-	-	8,721	31,394
Other related parties				
- Subsidiaries of parent	-	-	-	-
- Shareholding in parent	860,064	953,773	860,064	953,773
Total	60,133,437	29,162,327	60,142,158	29,193,721
Payable on fixed assets				
Parent	87,073	430,779	87,073	430,779
Other related parties				
- Subsidiaries of parent	1,346,981	-	1,346,981	-
Total	1,434,054	430,779	1,434,054	430,779

33 Related party transactions (Cont'd)**33.4) Key management compensation**

Group's key management includes directors and accounting and finance manager. The compensation paid or payable to key management are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Salaries and other short-term				
employee benefits	10,969,560	10,100,965	10,969,560	10,100,965
Post-employment benefits	39,852	38,699	39,852	38,699
Total	11,009,412	10,139,664	11,009,412	10,139,664

34 Bank guarantee

As at 31 December 2021 and 2020, the Group had commitments in respect of bank guarantee issued by the domestic commercial banks as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Electricity usage	2,919,500	2,919,500	2,919,500	2,919,500
Others	3,436,873	3,388,067	3,436,873	3,388,067

35 Commitments

35.1) Capital expenditure commitments

As at 31 December 2021 and 2020, the Group had commitments which are capital expenditure contracted but not recognised as liabilities as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Property, plant and equipment	26,503,926	44,903,590	26,503,926	44,903,590

35.2) Expense relating to leases of low-value assets

As at 31 December 2021 and 2020, the Group had the minimum lease payments under operating leases of copying machine contracts are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	Baht	Baht	Baht	Baht
Within 1 year	475,800	498,795	475,800	498,795
Later than 1 year but not later than 5 years	606,750	1,082,550	606,750	1,082,550
Total	1,082,550	1,581,345	1,082,550	1,581,345

36 Events occurring after the reporting period

At the Board of Directors' meeting no. 1/2022, held on 25 February 2022, it passed a resolution to approve the appropriation of dividends of Baht 0.425 per share, totaling of Baht 279,834,578. The dividends will be paid to the shareholders on 25 May 2022 after approved by shareholder at the Annual General Meeting of Shareholders of the Company.

Information Certification


The Company cautiously reviews this report and certifies that such contents are correct, complete, not false, not mislead others or lack significant information. Moreover, the Company certifies that;

(1) Financial statement and financial data that are summarized in this report are correctly disclosed about the Company's and the Subsidiaries's financial position, performance and cash flow;


(2) The Company arranges the good information disclosure system to assure that the Company correctly and completely discloses the significant information of the Company and the Subsidiaries, as well as control such operation;

(3) The Company arranges the good internal control and control the operation to comply with the aforesaid system. The Company informed the information about the internal control evaluation to the Company's auditor and the Audit Committee on December 31, 2021. Such information include defect and significant change of the internal control system as well as wrongdoing that might affect the preparation of the Company's and the Subsidiaries's financial report;

In order to assure that all these documents are the same documents that are certified by the Company, the Company assigns Mrs. Pimjai Leeissaranukul and Mr. Shigeki Yamada to sign on every page of the documents. If any document does not have signature of Mrs. Pimjai Leeissaranukul and Mr. Shigeki Yamada, the Company will consider that such information is not certified by the Company.

Name	Position	signature
Mr. Shen, Kuo-Jung	chairman	



Name	Position	signature
Mr. Athisit Worachote	Secretary of Company	

Information of Directors, Management, Controlling Person, and Company Secretary

1. Information of Director, Management, Controlling Person, and Company Secretary

1.1 Information of Director, Management, Controlling Person, and Company Secretary

1.1.1 Board of Directors As of 31st December 2021 Board of Director are as follow;

Name-Last name/Position/ Appointment date	Age	Educational Background	Equity Holding in Company (%)	Relationship between Directors and Executives	Working Experience for Past 5 Years		
					Period	Position	Name of Organization/ Company/Type of Business
1.Mr.Shen,Kuo- Jung Chairman and Managing Director Board authorized To bind the company, according to the affidavit. 22 June 2018	72	-Ph.D.(Business Administration) American International University -Honorary Doctorate Degree(Management) Luoyang University of Technology-The Republic of China - Taiwan	0.258	-	2018 - Present	Chairman	Hwa Fong Rubber Industry Co., Ltd.
					2018 - Present	Chairman	Hwa Fong Rubber (Thailand) PLC.
					2018 - Present	Chairman	HFT Holding Co., Ltd.
					2016 - Present	Advisor	National Policy Office of President of The Republic of China (Taiwan)
					2014 - Present	Chairman	Alliance Association of Industrial Science Park
					2010 - Present	Chairman	Hota Industrial MFG. Co., Ltd.
					2010 - Present	Chairman	Kao Fong Machinery Co., Ltd.
					2007 - Present	Chairman	Kao Fong Machinery Co., Ltd
2.Mr.Chuang, Chih-Yao Director, 8 June 2018 Director Board authorized To bind the company, according to the affidavit. 18 December 2018	46	-B. Sc. (Finance) Arizona State University -United States of America	0.091	-	2018 - Present	Director	Hwa Fong Rubber (Thailand) PLC.
					2015 - Present	Managing Director (Owner)	Thai Bright Bar Co., Ltd
					2010 - Present	Managing Director (Owner)	V G Steel Co., Ltd.

1.1.1 Board of Directors (Continued)

Name-Last name/Position/ Appointment date	Age	Educational Background	Equity Holding in Company (%)	Relationship between Directors and Executives	Working Experience for Past 5 Years		
					Period	Position	Name of Organization/ Company/Type of Business
3.Mr. Chiu, Hsih- Chien Director 22 June 2018	50	-M.S.(Statistics) , National Cheng Kung University- Taiwan	-	-	2019 - Present	Director	Hwa Fong Rubber (Thailand) PLC.
					Present	Vice President	Hwa Fong Rubber Industry Co., Ltd.
					Present	Chief Executive Office	Jian Sin Industrial Co., Ltd.
					Present	Chief Executive Office	Jui Li Enterprise Co., Ltd.
4.Miss Wu, Ping-Yi Director 22 June 2018	31	- Bachelor of Laws Program, National Chung Hsing University - Taiwan	-	-	2019 - Present	Director	Hwa Fong Rubber (Thailand) PLC.
					Present	Director	Hwa Fong Rubber Industry Co., Ltd.
					2016 - 2019	Special Assistant Chief Executive Officer	Jian Sin Industrial Co., Ltd.
5.Mr. Liu Hsing-Hung Director 11 May 2020	62	- Vocational Education, Hsinchu Industrial Vocational College	-	-	2020 - Present	Director	Hwa Fong Rubber (Thailand) PLC.
					2019 - Present	Chairman of Executive Directors	Xingli Development Co. , Ltd.
					2002 - Present	Chairman of Executive Directors	Xiang Qiyang Advertising Co. , Ltd.
					2002 - Present	Chairman of Executive Directors	Xingheli Construction Co. , Ltd.
					1991 - Present	Chairman of Executive Directors	Neo-Vision Advertisement Co., Ltd.

1.1.1 Board of Directors (Continued)

Name-Last name/Position/ Appointment date	Age	Educational Background	Equity Holding in Company (%)	Relationship between Directors and Executives	Working Experience for Past 5 Years		
					Period	Position	Name of Organization/ Company/Type of Business
6.Mr. Yen, Ming Shan Director 11 August 2012	81	- EMBA, National Changhua University of Education - Voc. Cert.- Taiwan	0.115	-	2012 - Present	Director	Hwa Fong Rubber (Thailand) PLC.
					2012 - Present	Director	Taiwan Rubber and Elastomer Industry Association Co., Ltd.
					2012 - Present	Director	Taiwan Rubber Research and Testing Center
					2012 - Present	Director	Taiwan Provincial Industry Association
					2011 - Present	Director	Hwa Fong Rubber Industry Co., Ltd.
					2009 - Present	Chairman	Shenda Investment
					2003 - Present	Director	Hwa Fong Rubber (Suzhou)
					1993 - Present	Director	Hwa Fong Rubber (China)
					1992 - Present	Director	Hwa Fong USA Duro Tire and Wheel Co., Ltd.
7.Mr. Yen, Ya- Nan Director 11 August 2555	77	Voc.Cert.- Taiwan	-	-	2012 - Present	Director	Hwa Fong Rubber (Thailand) PLC.
					2011 - Present	Chairman	Deng Feng Investment & Development Co., Ltd.
					1987 - Present	Chairman	Xintai Hardware Water and Electricity Material Co., Ltd.
					1974 - Present	Chairman	Yilong Industrial Co., Ltd.

1.1.1 Board of Directors (Continued)

Name-Last name/Position/ Appointment date	Age	Educational Background	Equity Holding in Company (%)	Relationship between Directors and Executives	Working Experience for Past 5 Years		
					Period	Position	Name of Organization/ Company/Type of Business
8. Mr. Yen, Chih- Che Director 21 April 2017	45	- Architectural Engineering department Cheng Shiu University Bachelor of Business Administration DAYEH University -The Republic of China (Taiwan)	1.195	-	2017 - Present 2007 - Present	Director Chairman	Hwa Fong Rubber (Thailand) PLC. Sin-Jian-Hua Hydropower materials Co., Ltd.
9. Mr. Hsio, Chin- Lung Independent Director/ Chairman of The Audit Committee 6 August 2561	50	- MBE, Economic Institute of Chinese Culture University	-	-	2018 - Present 2007 - Present	Independent Director/ Chairman of The Audit Committee Finance Senior Manager	Hwa Fong Rubber (Thailand) PLC. Far Eastern International Bank, Taiwan.
10. Mrs. Syuan Wen Independent Director/ The Audit Committee 6 August 2561	71	Accounting, Saint Louis College- United Kingdom	-	-	2018 - Present 2018 - Present 2015 - Present 1996 - Present	Independent Director/ Chairman of The Audit Committee Director Overseas Coordinator Director	Hwa Fong Rubber (Thailand) PLC. Placetin International Group Eagles Air & Sea (Thailand) Co., Ltd. 9999 International Co., Ltd.

1.1.1 Board of Directors (Continued)

Name-Last name/Position/ Appointment date	Age	Educational Background	Equity Holding in Company (%)	Relationship between Directors and Executives	Working Experience for Past 5 Years		
					Period	Position	Name of Organization/ Company/Type of Business
11. Monsiam Sinworaphan Independent Director/ The Audit Committee 6 August 2018	49	-B.BA (International business), Siam University -Bachelor of Laws, Ramkhamhaeng University	-	-	2017 - Present	Independent Director/ Chairman of The Audit Committee	Hwa Fong Rubber (Thailand) PLC.
					2005 - Present	Legal Advisor	Applied DB Plc.
					2017 - Present	Legal Advisor	Savemor International Co., Ltd.
12. Mr. Lin, Cheng- Yung Independent Director/ The Audit Committee 11 May 2020	49	- Chiao Tai High School	0.032	-	2020 - Present	Independent Director/ Chairman of The Audit Committee	Hwa Fong Rubber (Thailand) PLC.
					2006 - Present	Chairman of The Board	Sheng Hua Manpower Resource Enterprise CO.,Ltd,

1.1.2 Information of Management, Controlling Preson, and Company Secretary

Management Team

Management As of 31st December 2021 Board of Director are as follow;

Name-Last name/Position/ Appointment date	Age	Educational Background	Equity Holding in Company (%)	Relationship between Directors and Executives	Working Experience for Past 5 Years		
					Period	Position	Name of Organization/ Company/Type of Business
1. Mr.Shen,Kuo-Jung Managing Director and Control Authority	72	- Ph.D. (Business Administration) American International University -Honorary Doctorate Degree(Management) Luoyang University of Technology-The Republic of China - Taiwan	0.258	-	2018 - Present	Chairman	Hwa Fong Rubber Industry Co., Ltd.
					2018 - Present	Chairman	Hwa Fong Rubber (Thailand) PLC.
					2018 - Present	Chairman	HFT Holding Co., Ltd.
					2016 - Present	Advisor	National Policy Office of President of The Republic of China (Taiwan)
					2014 - Present	Chairman	Alliance Association of Industrial Science Park
					2010 - Present	Chairman	Hota Industrial MFG. Co., Ltd.
					2010 - Present	Chairman	Kao Fong Machinery Co., Ltd.
					2007 - Present	Chairman	Kao Fong Machinery Co., Ltd
2. Mr.Chuang, Chih- Yao Deputy General Manager	45	-B. Sc. (Finance) Arizona State University -United States of America	0.091	-	2018 - Present	Director	Hwa Fong Rubber (Thailand) PLC.
					2015 - Present	Managing Director (Owner)	Thai Bright Bar Co., Ltd
					2010 - Present	Managing Director (Owner)	V G Steel Co., Ltd.

Management Team (Continued)

Name-Last name/Position/ Appointment date	Age	Educational Background	Equity Holding in Company (%)	Relationship between Directors and Executives	Working Experience for Past 5 Years		
					Period	Position	Name of Organization/ Company/Type of Business
3. Mr. Chiang-Jung Tsung Deputy General Manager	59	- High Voc. Cert. in Chemical Engineering, Nanya Institute of Technology-Taiwan -MBA., National Taipei University of Technology	-	-	2010 - Present 2017 - 2018	Deputy General Manager Director	Hwa Fong Rubber (Thailand) PLC. Hwa Fong Rubber (Thailand) PLC.
4. Ms. Radatorn Tanaasawapol Financial and Accounting Manager	57	Bachelor Degree (Marketing) Ramkhamhaeng University	0.000076	-	2005 - Present	Financial and Accounting Manager	Hwa Fong Rubber (Thailand) PLC.

Company Secretary

Name-Last name/Position/ Appointment date	Age	Educational Background	Equity Holding in Company (%)	Relationship between Directors and Executives	Working Experience for Past 5 Years		
					Period	Position	Name of Organization/ Company/Type of Business
5.Mr. Athisit Worachote Secretary of company 13 May 2010	57	- Bachelor Degree (Laws), Ramkhamhaeng University - Diploma (Secretary of company) 37/2553 -Diploma of "Effective Warehouse Management" -Diploma of "Section 11/1 of the new labour law"	0.000228	-	2010 - Present	Secretary of company	Hwa Fong Rubber (Thailand) PLC.
					2003 - Present	Presidential office Manager	Hwa Fong Rubber (Thailand) PLC.

1.2 Duties and Responsibilities of the Company Secretary

1.2.1 Appointment of Company Secretary

Appointment of Company Secretary at the discretion of the Board of Directors in the selection of qualified persons to perform such duties; The Board of Directors Meeting No.3/2010, held on May 13, 2010, resolved to appoint Mr. Atisit Worachote to be the Company's secretary. which shall come into force from May 13, 2010 onwards to the present

1.2.2 Qualifications of the Company Secretary

- Knowledge and understanding of the Company's business. including the roles and duties related to the Company's secretary work and have knowledge of the law on public limited companies Law on Securities and Exchange and related regulations as well as to study for knowledge and follow the news to improve the performance on a regular basis
- Perform duties in accordance with the law, rules and regulations of the Company. with responsibility, carefulness, honesty, determination, dedication and support to the Company's operations achieve the objective under the principles of good corporate governance and business ethics
- Adhere to morality and ethics, taking into account all stakeholders. no action which will cause a detrimental effect on reputation and the image of the company
- Not aiming for personal gain from the Company's business opportunities as well as maintaining the Company's confidentiality.
- Good human relations Have the ability to coordinate with departments and agencies both inside and outside the Company.

1.2.3 Scope of Authority of the Company Secretary

- Ensure that the Company Secretary agency is the information center of the organization, such as the registration of juristic persons, memorandums, regulations and licenses.
- Provide basic advice to directors in legal matters. The company's regulations and regulations that the Board of Directors must know and monitor to be properly and consistently followed, including reporting significant changes in legal requirements to directors.
- Organize a shareholders' meeting, and meeting of the Board of Directors in accordance with the law Articles of Association and Code of Conduct
- Record minutes of the Shareholders' Meeting and The Board of Directors' meeting, as well as monitor the compliance with the resolutions of the Shareholders' Meeting and the Board of Directors' meeting.
- Prepare and maintain the directors' register Annual Report of the Company Letter of Shareholders' Meeting Letter of Appointment of the Board of Directors minutes
- Maintain the report of interests reported by directors and executives, and prepare copies to the Chairman and Chairman of the Audit Committee within 7 business days from the date of receipt of the report.
- Ensure the disclosure of information and information reports in respect of responsibility to the agencies that direct the company in accordance with the regulations and regulations of the official authorities.
- Contact and communicate with general shareholders to acknowledge the rights of shareholders and the company's news.

1.3 Information of Director, Management, Controlling Preson, and Company Secretary of the subsidiaries .

HFT Holding Co.,Ltd.

Name-Last name/Position/ Appointment date	Age	Educational Background	Equity Holding in Company (%)	Relationship between Directors and Executives	Working Experience for Past 5 Years		
					Period	Position	Name of Organization/ Company/Type of Business
1.Mr.Shen,Kuo-Jung Chairman and Managing Director Board authorized To bind the company, according to the affidavit. 22 June 2018	72	-Ph.D.(Business Administration) American International University -Honorary Doctorate Degree(Management) Luoyang University of Technology-The Republic of China - Taiwan	0.258	-	2018 - Present	Chairman	Hwa Fong Rubber Industry Co., Ltd.
					2018 - Present	Chairman	Hwa Fong Rubber (Thailand) PLC.
					2018 - Present	Chairman	HFT Holding Co., Ltd.
					2016 - Present	Advisor	National Policy Office of President of The Republic of China (Taiwan)
					2014 - Present	Chairman	Alliance Association of Industrial Science Park
					2010 - Present	Chairman	Hota Industrial MFG. Co., Ltd.
					2010 - Present	Chairman	Kao Fong Machinery Co., Ltd.
					2007 - Present	Chairman	Kao Fong Machinery Co., Ltd
2.Mr.Chuang, Chih- Yao	46	-B. Sc. (Finance) Arizona State University -United States of America	0.091	-	2018 - Present	Director	Hwa Fong Rubber (Thailand) PLC.
					2015 - Present	Managing Director (Owner)	Thai Bright Bar Co., Ltd
					2010 - Present	Managing Director (Owner)	V G Steel Co., Ltd.

2. Table showing information of executives and persons with controlling power who hold positions as directors or executives in subsidiaries, associated companies or related companies as of December 31, 2021 as follows:

list of companies	Company	Parent Company	Subsidiary	
Name	HFT Hwa Fong Rubber (Thailand) PLC.	HFR Hwa Fong Rubber Industrial Co., Ltd.	HFT Holding Co., Ltd	HFI PT. Hwa Fong Rubber (Indonesia)
1. Mr. Shen,Kuo-Jung	X	X	X	
2. Mr. Chiu,Hsih-Chien	/	/		
3. Miss. Wu,Ping-Yi	/	/		
4. Mr. Liu Hsing-Hung	/			
5. Mr.Yen,Ming-Shan	/			
6. Mr.Yen,Ya-Nan	/			
7. Mr. Yen,Chih-Che	/			
8. Mr. Chuang,Chih-Yao	//		/	
9. Mr. Hsiao,Chih-Lung	/			
10. Mr.Monsiam Sinworapun	/			
11.Mrs. Syuan Wen	/			
12.Mr. Lin,Cheng-Yung	/			
13. Mr.Lin, Wen-Cheng				X

Remark X = Chairman // = Executive Director / = Director

Details of the directors of subsidiaries

Table showing the names of directors of subsidiaries as of December 31, 2021 are as follows:

List of Subsidiaries List of Directors	HFT Holding Co., Ltd	HFI PT. Hwa Fong Rubber (Indonesia)
MR. SHEN, KUO – JUNG	X	
MR. CHUANG, CHIH-YAO	/	
MR. LIN, WEN - CHENG		X

Remark

1. X = Chairman // = Executive Director / = Director
2. Subsidiary means a significant subsidiary for example, having revenue more than 10% of total revenue according to the consolidated income statement of the latest fiscal year.

Details of the Heads of the Internal Audit and Compliance Units

Head of Internal Audit

Name : Ms. Pailin Amornkul

Position : Supervisor of Internal Audit Department

Birthday: November 4, 1977

Education : Bachelor's degree from Sukhothai Thammathirat Open University Management Science

Training

- Issuing Reports on Related Juristic Persons by the Revenue Department.
- Data Analysis with 5 Gen & Why Why Analysis course by Asia Training Center Co., Ltd.
- Internal Control System Audit Techniques ISO 9001 : 2008 (IQA) by Asia Training Center Co., Ltd.
- Continuous improvement activities with Kaizen course by Asia Training Center Co., Ltd.
- Effective Ordering, Delegation and Task Control course by IBS Consultants.
- AC Forum Vol.13 Internal Audit : Tool of Audit Committee by KPMG Cutting through complexity.
- Smart Use EQ and Work Efficiently course by Asia Training Center Co., Ltd.
- Safety Officers at Work Supervisor Level course by One Stop HR Company Limited.
- Techniques of using 7 types of QC tools (QC 7 Tools) course by Asia Training Center Co., Ltd.
- 5S Pathways to Organizational Quality System Development course by Asia Training Center Co., Ltd.
- Basic QCC course by NAQS Co.,Ltd.
- Internal Auditing Practice Course 1, Class 46 by the Federation of Accounting Professions under royal patronage.
- Motivation and Consciousness in Performance course by Asia Training Center Co., Ltd.
- Corruption Prevention in Organizations, Class 10 course by the Federation of Accounting Professions under royal patronage.
- Course on Key Mechanisms for Governance and Creating Business Value.
- Motivation and Consciousness at Work with 5Q course by IQS Management Co., Ltd.
- Management Safety Officer course by Trainer in Thai Co., Ltd.
- Risks Management of QMS course by Asia Training Center Co., Ltd.
- IATF16949:2016 Standard course by Asia Training Center Co., Ltd.
- Course "Systematic Audit, Class 5 by Professional International Audit Service Company Limited.
- Requirements and Applications of ISO 45001:2018 course by Bismar International Co., Ltd.
- Teaching Strategies and Building a Mentor System course by a comprehensive personnel development station.

work experience

2014 - present	Supervisor of Internal Audit Department	Hwa Fong Rubber (Thailand) Public Company Limited
2013 - 2014	Vice supervisor of Internal Audit Department	Hwa Fong Rubber (Thailand) Public Company Limited
2011 - 2013	Leader of Internal Audit Department	Hwa Fong Rubber (Thailand) Public Company Limited
2008 - 2011	Vice leader of Internal Audit Department	Hwa Fong Rubber (Thailand) Public Company Limited
2004 - 2008	Internal Audit Officer	Hwa Fong Rubber (Thailand) Public Company Limited
1999 - 2004	Quality Assurance (QA) Officer	Hwa Fong Rubber (Thailand) Public Company Limited

Current position as Director or Management in other organization (Listed companies)

-None-

Current position as Director or Management in other organization (Non-listed companies)

-None-

Shareholding in HFT (as of 31 December 2022)

- own (none)

- Spouse/underage child (none)

Relationship between Directors and Executive

-None-

Assets for business undertaking and details of asset appraisal

The company's main assets as of December 31, 2021 are as follows:

Property Type/Characteristics	Proprietary characteristics	Accounting value (MB)	Encumbrances
Land in the area where the factory and factory improvements are located has an area of 29 rai 3 ngan 16.3 square wa and the 2nd factory has an area of 32 rai 1 ngan 76 square wa.	The company owns the freehold.	112.15	without
The 3rd factory land has an area of 27 rai 3 ngan 72.8 square wa. (Still not being utilized in 2021))	The company owns the freehold.	206.98	without
4 Units of Suit rooms in 2places	The company owns the freehold.	7.65	without
Buildings Located on the same land as the factory area.	The company owns the freehold.	455.21	without
Machinery & Equipment	The company owns the freehold.	441.49	without
Office Furnishings & Supplies	The company owns the freehold.	4.77	without
Vehicle	The company owns the freehold.	10.58	without
Assets under construction and Machines in process	The company owns the freehold.	324.87	without

The main assets of subsidiaries as of 31 December 2021 are as follows:

Property Type/Characteristics	Proprietary characteristics	Accounting value (MB)	Encumbrances
Land in Indonesia 163,510 square meters (Still not being utilized in 2021)	The subsidiary owns the ownership.	238.44	without

Report of the Audit Committee Report

Dear HFT's Shareholders:

The Audit Committee of Hwa Fong Rubber (Thailand) Public Company Limited (the "Company") consists of four independent directors.

Committee member

MR. HSIAO, CHIN-LUNG (Chairman)

MR. MONSIAM SINWORAPUN

MR. LIN, CHENG-YUNG

MRS. SYUAN WEN

The major purpose of Audit Committee is to assist the Board to provide independent oversight of HFT's financial reporting, the effectiveness of internal control, the adequacy of regulatory compliance, and risk management. In such meetings, we serve a Board-level oversight role and ensure all Audit Committee responsibilities are executed appropriately and effectively. Besides, we discuss with HFT's management and provide financial recommendations independently.

The Audit Committee meets PricewaterhouseCoopers ABAS Ltd., HFT's independent registered public account firm, to review and oversight HFT's financial statement quarterly. The Audit Committee is satisfied with the financial reports which were prepared in accordance with the generally accepted accounting principles.

Likewise, to perform the Audit Committee's duties, we have reviewed and discussed with the management to monitor the effectiveness of HFT's policies and procedures of internal control over financial reporting, compliance and operational matters.

The performance of the Company is mostly subject to market fluctuations and the risks inherent in all business environment changes. Meeting of risk identification and mitigation is convened regularly. HFT's risk management is sufficiently effective with the internal policies and strategies.

In reliance of above-mentioned reviews, and the financial reports audited by PWC, we believe the Audit Committee duties are performed effectively and completely.



(Mr. Hsiao, Chin-Lung)

Chairman of the Audit Committee



บริษัท อีวฟงรับเบอร์ (ไทยแลนด์) จำกัด (มหาชน)
HWA FONG RUBBER (THAILAND) PUBLIC COMPANY LIMITED



สำนักงานใหญ่ โรงงาน 1 : เลขที่ 317 ม.4
บ.6C ต.คันทนา อ.แพรท
อ.เมือง จ.สมุทรปราการ 10280
โทรศัพท์ 02-709-6583 โทรสาร 02-709-6589

Head Office : 317 Moo 4 , Soi 6C
Bangpoo Industrial Estate
Phreaksa Sub-district , Muang District
Samutprakan Province 10280
Tel : (66)2-7096583 Fax : (66)2-7096589

โรงงาน 2 : เลขที่ 865/1 ม.4
บ.118 ต.คันทนา อ.แพรท
อ.เมือง จ.สมุทรปราการ 10280
โทรศัพท์ 02-324-0518 โทรสาร 02-324-0519

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