

- Translate -

Ref. HF 0051/2020

May 18th, 2020.

Subject : Disclosure of Connected Transaction (Reviewed)

Attn : Managing Director of the Stock Exchange of Thailand.

According to the resolution of the Board of Director Meeting No. 3/2020, held on May 11th, 2020 of Hwa Fong Rubber (Thailand) Public Company Limited. has approved the connected transaction to increase the market potential. For trademark and the commission of product sales at 2% of sales under brand "DURO" that Hwa Fong Rubber Industry Company Limited is supplying customers And 1% from technical service fee . Which is a normal business support transaction for the company In this regard, With a value compared to last year's sales of not more than 50,000,000 baht and the total value not more than 3 % of the Net Tangible Asset (NTA) of the consolidated financial statements as at March 31, 2020 (NTA: 3,052,873,024.- Baht) with details As follows :

**The use of trademarks and commissions to sell products under Brand "Duro".
and Technical services Agreement**

Parties Involved

Service Provider:

- Hwa Fong Rubber Industrial Company Limited. "HFR"

Service Recipient:

- Hwa Fong Rubber (Thailand) Public Company Limited. "HFT"

Related Relationship

Hwa Fong Rubber Industrial Company Limited is the major shareholder in The Company, which holds 50.42 % of the company's total shares.
Service providers and service providers have common directors.

- Mr. Shen, Kuo-Jung
 - Chairman of the Board and Managing Director
Hwa Fong Rubber (Thailand) Public Company Limited.
 - Chairman of the Board
Hwa Fong Rubber Industry Co., Ltd.
- Mr. Yen, Ming-Shan
 - Vice Chairman and Director
Hwa Fong Rubber (Thailand) Public Company Limited.
 - Director
Hwa Fong Rubber Industry Co., Ltd.
- Mr. Chiu, Hsih-Chien
 - Director
Hwa Fong Rubber (Thailand) Public Company Limited.
 - Vice Chairman of the Board
Hwa Fong Rubber Industry Co., Ltd.
- Miss. Wu, Ping-Yi
 - Director
Hwa Fong Rubber (Thailand) Public Company Limited.
Hwa Fong Rubber Industry Co., Ltd.

<u>Type of transaction</u>	Business support transactions Which Hwa Fong Rubber Industry Company Limited (HFR) is supplying customers and markets to Hwa Fong Rubber (Thailand) Public Company Limited.
<u>Contract Period</u>	1 Year (Jun 1 st , 2020 – May 31 st , 2021)
<u>Total value of the transaction</u>	Value not exceeding 3% of Net Tangible Asset (NTA = 3,052,873,024.- Baht) as of 31 March 2020
<u>Method of Payment</u>	Payment for the actual sales within the first quarter of next year.

Reasonableness of entering into the transaction.

The company entered into a contract to sell products under trademark Brand “DURO” and technical services with Hwa Fong Rubber Industry Company Limited (HFR), the parent company of the Hwa Fong Group. According to the contract, Hwa Fong Rubber Industry Company Limited will supplying customers and orders to the company As well as providing technical services To increase the marketing potential which affects the company's growth The company pays commission according to the percentage of sales. Currently, the overall economic situation has been affected by Covid-19 and the company has expanded its production capacity to support product orders. The company will Can compete with the company Other manufacturers . As a result, the company is therefore obliged to enter into the said agreement.

Opinion of Board of Directors including Audit Committee

The Board of Director’s meeting, where there was no directors who have interests voting in the meeting, had consciously considered and unanimously approved the management to sign on the Technical Cooperation Agreement Hwa Fong Rubber Industry Co., Ltd. For the reasons mentioned above. This transaction is also considered as business promotion with is reasonable and beneficial to the company.

Anyhow, the Audit committee had no different opinion from the Board.

Please be informed accordingly and disclosed to shareholders and investors for making investment decision. Thank you

Sincerely Yours,

(Mr. Chuang, Chih - Yao)

Vice President